

# Nation's Business

A MAGAZINE FOR BUSINESSMEN

JUNE 1955

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*AFL headquarters rise across Lafayette Square from the White House*

**Labor builds political power** PAGE 29

1,000 Red Army vets train GI's PAGE 46

There's more room at the top than ever PAGE 64

More TVA's? Decision in '56 PAGE 32



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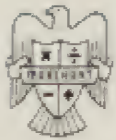
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# Say "Thanks for your order" by Long Distance



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### LONG DISTANCE RATES ARE LOW

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#### AUTOMOBILE DEALER

"Our Service Department will show a profit of \$48,300, or 33% on sales of \$145,000."

HARRIS M. OLSON

Olson Motors, Inc., Great Falls, Mont.

#### RESTAURANT OWNER

"I had you fellows come in to show us how we could make some money."

L. C. "PAPPY" SAMMONS

Pappy & Jimmy's Lobster Shack, Memphis, Tenn.

# Profit-minded business men use George S. May engineering!

**CERTIFIED**  
Business Engineering  
**REPORT**

EDWARD H. BRIDGES  
GENERAL MANAGER

KENNEDY HARDWARE COMPANY  
BATTLETOWN TRANSFER, INC.

Pappy & Jimmy's Lobster Shack

OLSON  
SALES • PARTS • SERVICE

Olson Motors, Inc.  
October 27, 1954  
Great Falls, Montana

George S. May Company  
Engineering Building  
Chicago, Ill.

Gentlemen:

It is impossible for me, in a one page letter, to do any more than briefly summarize the enormous benefits I received for the \$20,200 I paid for your engineering services. Although I have been in the automobile business all my life, your engineers showed me in a practical way what it meant to "aerodynamize transportation".

I started this dealership practically on a shoestring in 1946. For the first few years we could sell at a profit all the cars we could get. We hastily built up some kind of an organization and we consistently made money in spite of our hit-or-miss way of doing things.

1953 was a different story. Competition got tough and customers got choosier and scarce. Our total 1953 sales of \$1,132,143 we had a net loss of \$30,248. When I saw this horrible picture shaping up, I decided to have you people come in and give us a thorough going-over.

It was bitter medicine and it was expensive. You got into every aspect of our operation: new car sales, used car sales, parts and service, functional organization, incentive plans, profit and expense control, sales and finance planning. Your recommendations were installed and put into effect by your men.

What happened, as a result, in 1954? Based upon our figures for the first 9 months, our sales for this year will be about \$910,000 on which we will have a net profit of nearly \$60,000, or over 2%. Our service department will show a profit of \$48,300, or 33% on sales of \$145,000. We will have paid out \$3,980 in bonuses on the incentive program you set up.

But what I really got from your engineers was the most wonderful business education in all my 35 years in business. Your men refreshed and changed my thinking and outlook. They widened my spine and gave me greater self-confidence. They taught me what it really means to "get a head start" in to reap the real benefits from my "George S. May business education" in the next 5 or 10 years.

Yours very truly,

HARRIS M. OLSON  
President

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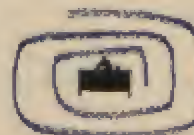
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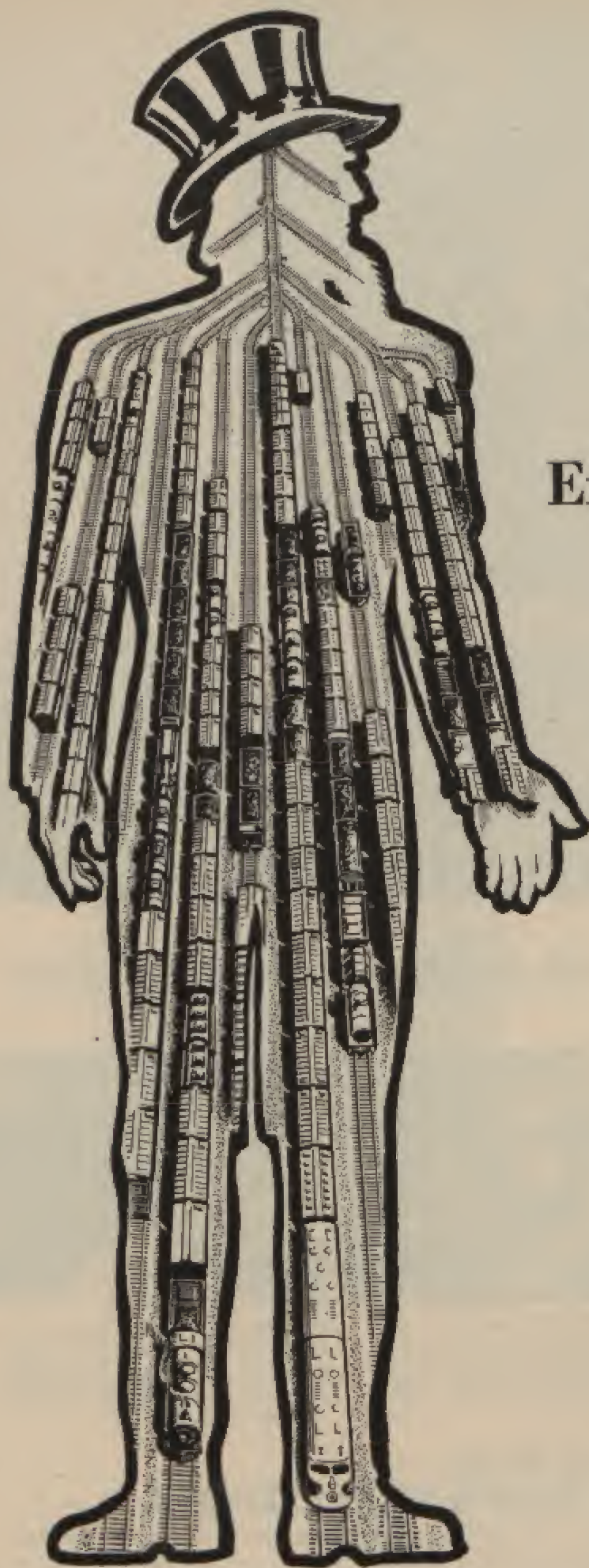
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## The Secret of Uncle Sam's Expand-able Arteries

The larger part, by far, of the great lifestream of goods that helps keep you and your country strong and vigorous flows through the nation's vital arteries of transportation — the railroads. And this is done with unique economy in manpower, fuel, and other materials.

Perhaps the most remarkable characteristic of these rail arteries is their inherent ability to expand their capacity more readily and with greater economy than any other form of transportation — particularly in times of national emergency. The secret lies in putting more tons in the cars and more cars in the trains.

But if the nation is to have the full benefit of these advantages, the railroads should have greater freedom to adjust their rates and services promptly — greater freedom to compete with other forms of transportation on an equal basis.

**Association of  
American Railroads**

*Transportation Building  
Washington 6, D. C.*



►KEEP AN EYE on these economic signposts:

Electric power production; paperboard output.

They show industry's needs at both production and shipping ends.

How are they doing?

Lowest power producing month of '55 (February) topped highest '54 month (July).

Kilowatt hours: February, '55: 46,-269,000,000; July, '54: 45,108,000,000.

Note: Power production's gone up every month this year, with no letup in sight.

Paperboard output and order backlog runs 15 per cent ahead of year ago.

That means more products are being made and shipped--and even more planned.

►SO-CALLED MONOPOLY can spur competition.

Examples:

1. Until recent years, U.S. had only a single aluminum producer--therefore a "monopoly."

What happened?

Other industries developed new, competitive materials--and the consumer had a wider choice than before.

2. Three of the largest soap manufacturers have promoted detergents for years--all claiming similar advantages.

What happened?

A chemical company (Monsanto), newcomer to the field, now rivals the leaders with ALL.

►HIGHWAY CONSTRUCTION costs drop.

With 1946 as base year, costs today are 127.1 on index, same as '48, lower than past three years.

Why the drop?

Mechanization cuts labor costs. So does development of huge earth-moving machines.

Example:

Construction spokesmen say 78,000 workers today can build as much road as 125,000 workers could build in same time a decade ago.

In past seven years, rising machinery cost is offset by drop in labor cost.

►BIGGER SOCIAL Security benefits have political appeal for '56.

Among proposals being talked up now:

Cut eligible age from 65 to 60.

Permit earnings of \$125 a month (up from present \$100) without loss of Social Security payments.

Require Treasury to reimburse Old Age and Survivors Insurance fund for military credits (now \$160 a month for members of armed forces).

Note: Both parties have eye on growing number of elderly voters, despite added costs estimated at \$2,000,000,000.

►ATOMIC MERCHANT SHIP is beyond drawing board stage.

Maritime Administration says President's suggested "peace ship" will be between 400 and 500 feet long and from 10,000 to 15,000 deadweight tons.

It's in "Seafarer" and "Clipper" freighter class--first new merchant ship designs since before World War II.

Its cost: About \$25,000,000.

Note: Maritime officials are setting up training classes now for crews to man atomic freighter.

►STRATEGIC METALS are new U.S. crop.

And a bumper harvest shapes up.

Here's how it works:

Agriculture Department swaps surplus grains for lead, cobalt, manganese, tin, other strategic materials.

That gets around "dumping" charge, helps meet long-term goals for scarce metals.

Agriculture keeps metals in its own crop warehouses--but can sell it in open market or turn it over to national stockpile under Office of Defense Mobilization.

This month Department will add rye, oats, barley to approved barter list.

Agriculture's metals stockpile, dollar-wise, has jumped to \$25,000,000 in four months.

Note: There's no indication metals will be put on open market this year or next.

►UNION CONTRACTS tied to living cost index drop sharply.

Why?

Index hasn't changed more than .3 points in two years.

Number of workers covered by escalator clauses (wages follow ups and downs of



index) year ago: 3,500,000; today: 1,700,000.

Note: Union publications quit printing high cost of living tables, mention it rarely in news columns.

►DON'T LET big profit reports fool you.

Average profit of 475 firms, ending second quarter, is up 30 per cent from year ago figures.

That looks like ammunition for labor demands--wage increases, GAW, added fringe benefits.

But here's what has boosted profits over '54:

Auto makers' profits are up 70 per cent. That's from approximate \$400,-000,000 low of '54 recession.

Coal firms list 150 per cent gain, but from all-time low.

Farm equipment manufacturers gain 61 per cent, as do steel companies and railroads.

All these were down in '54. Their performance in '55 pads averages.

Compared with '53, profits show less than 3 per cent gain.

Profit declines, on other hand, are modest, include 12 per cent for distillers, electrical equipment makers, less than 4 per cent for finance companies.

These small declines also help pad averages on upside.

►THERE'LL BE step-up in lease-purchase program this fall.

That's plan by which U.S. contracts to buy buildings (post offices, etc.) on instalment plan, lease them from private builder. U.S. takes title when payments are finished.

Contracts awarded to date: One branch post office building in Pennsylvania.

Reason for slow motion: Congress must approve outlays.

Reason for step-up: To take up slack if home-building drop-off develops.

►URGE TO MERGE doesn't mean bigger assets, necessarily.

Survey of 74 major firms in U.S. from turn of century to date, shows this:

Increase in assets of only one third of firms can be accounted for by mergers.

Increase in assets in other two thirds come from growth, expansion.

Exceptions: Steel, ammunition, cement. Roughly half their growth is traced to mergers over past half century.

►MONEY in circulation per capita is sign of nation's economic status.

That's what Franz Pick, currency expert, says.

He lines it up this way:

Countries with more than \$100 in circulation per capita are wealthy.

Between \$50 and \$99 in circulation, moderately wealthy.

Between \$20 and \$49, largely undeveloped, possible investment areas.

Less than \$20, poor.

Here's how nations rate:

1. Switzerland with \$257.75 in circulation per person.

2. Belgium, \$234.50.

3. United States, \$187.86.

4. France, \$158.80.

5. Sweden, \$127.22.

Poorest nations: Afghanistan, Ethiopia, Korea, Indonesia, East Germany.

Undeveloped countries needing investment: El Salvador, Colombia, Dominican Republic, Guatemala, Japan.

Note: All sums listed are converted into U.S. dollars.

►ONE UNION wants no pension fund increase.

Instead, United Hatters (AFL) asks firms to put one per cent of payroll into headwear promotion.

What union leaders figure: Promotion of hat industry means more jobs.

They say that's bigger long-term benefit than adding to pension fund.

In other words: Increased productivity is best job guarantee.

►WATCH FOR expansion of Bureau of Public Roads.

In fiscal '55, BPR budget was trimmed from \$750,000,000 to \$500,000,000.

President's highway program--and others--made legislators look again.

No matter what program's worked out, behind scenes reports say, BPR will get more money next year.

How will it be used?

Added field service, heavier administrative outlays, even if states take over most of program.



# washington letter

## ►AUTOMATION creates more jobs.

Examples:

Dial phones (all automatic) are almost universal; number of employed telephone operators is up 75 per cent in decade.

Automatic business machines come into growing use; in same period, number of accountants is up 71 per cent.

And there are 3,000,000 more office clerks today than 10 years ago.

Query: If new machines throw people out of work, how could air transportation, atomic energy, television, electronics, plastics, radar have come into being?

Note: In 10-year period U.S. population is up 22 per cent, number of jobs 35 per cent.

## ►AUTOMATION SIDELIGHT:

One electrical workers union newspaper (IUE-CIO, Lynn, Mass.) expresses fear of job loss from automation.

In next breath, scolds major electrical equipment producer for losing bid because "it hadn't enough automatic labor-saving equipment."

## ►TIGHT CREDIT talk is just--talk.

You may see some caution in extending new credit during last half of '55, mainly for new homes.

Signs already indicate no down payment terms will go out the window.

But experts say debt's tapering off and dropping sharply in relation to income--and that insures healthy future for easy credit.

The figures:

Disposable income, '54, came to \$253,-500,000,000, with consumer debt at \$30,-100,000,000.

For '55, disposable income runs at \$260,500,000,000 annual rate; consumer debt: \$29,600,000,000.

## ►NEW UNION headache: Decertification elections.

Law permits elections to choose between rival unions--also to determine if workers want union or not.

Decertification polls can be taken even after union's established.

Now, with labor stepping up organizing drives, some present members want out--mostly in the South.

Number of workers involved to date: About 10,000.

And trend is growing.

## ►BIG SALES don't mean big profits.

Survey of seven industry groups shows total sales jumped 34.6 per cent from '48 to '54.

Biggest sales gains, percentagewise:

Construction, up 68 per cent; communications, utilities, up 63.4 per cent; manufacturing, up 38.4 per cent.

But profits from '48 to '54 dropped 12.5 per cent.

While dollar sales rose \$134,000,000-000 to \$521,000,000,000, dollar profits dipped \$2,270,000,000.

The reason?

Profit is 8 per cent on sales before taxes, 3.5 per cent after taxes.

## ►FAST TAX WRITE-OFFS do double duty.

Firms used plan in '50--and after--to amortize new construction costs over five-year period, increase productive capacity fast.

Write-off periods start ending this year--which means little depreciation to charge larger earnings against, plus higher taxes.

So what do firms do?

Boost capital outlay for new plant, equipment, to absorb some earnings.

Investment this year, \$28,600,000,000; in '54, \$27,600,000,000.

Result: Capacity's increased twice, once in '50 and years following, again as write-off period ends.

►BRIEFS: Factory managers this year, on average, earn \$2,000 more than sales managers; that reverses four-year trend ....One of every 34 non-agricultural workers in U.S. is employed by the petroleum industry in 42,000 oil enterprises; that doesn't count 210,000 service stations....Products developed in past 15 years now account for nearly one third of Union Carbide's \$925,000,000 sales....92 per cent of autos are used for transportation to and from work, or for shopping--reflecting exodus to suburbs....Number of shareholders in American business totals 10,000,000, Stock Exchange estimates; that's 15 per cent gain in three years.



# Letters TO THE EDITOR

## Questions college enrolment

On page 78 of the May number you give the college enrolment figure for 1950 as 2,659,000.

The U. S. Department of Education figure for that year, which we have used repeatedly in our studies is 2,296,203.

The discrepancy is just too large to reconcile. Are you sure that your 2,659,000 figure is not that for 1954, or even for 1955?

R. F. ARMKNECHT,  
Northeastern University  
Boston, Mass.

NOTE: U. S. Office of Education says 1950 college enrolment was 2,659,021. Enrolment for 1951-2,301,384.

## Builder comments

Your May issue contains two articles that are very interesting because of the contrasting points of view presented in each of them. One of these, titled "The Coming Boom," looks backward upon the tremendous progress made by America and then looks forward predicting a brighter future.

The housing demand for the next five years is predicted to be 1,550,000 units annually.

By contrast there is another article in this same issue titled "Federal Lending Kills Responsibility." Briefly, this article says—put the lending of mortgage money back where it was in those glorious years of 1928 to 1932 when Herbert Hoover was president.

It would be impossible to build 1,550,000 home units annually if we return to the Hoover-type of mortgage borrowing. Based upon the Hoover years, we probably would do well if we built 300,000 home units annually.

The authors of this article seem to have divided up Americans into various "classes." They also seem to be aware of "competition" between these classes.

Now, here I am, 56 years old, traveled and worked in all sections of this country and I never became aware of "classes" of Americans, much less of any competition between "classes."

JOHN BONFORTE,  
Bonforte Construction Co.  
Pueblo, Colo.

## America in 1960

We have just seen the May issue of NATION'S BUSINESS with the special section and cover devoted to our new study, "America's Needs and Resources: A New Survey." Dr. (Frederic) Dewhurst, who directed that

study and is executive director of the Twentieth Century Fund, has asked me to express our thanks and deep appreciation for the care and skill you showed in making your extended interpretation of the findings.

THOMAS R. CARSKADON  
The Twentieth Century Fund  
New York, N. Y.

## Superfine Talc

We have read with interest the article "Finer Grind Spurs Demand for Talc" (March issue).

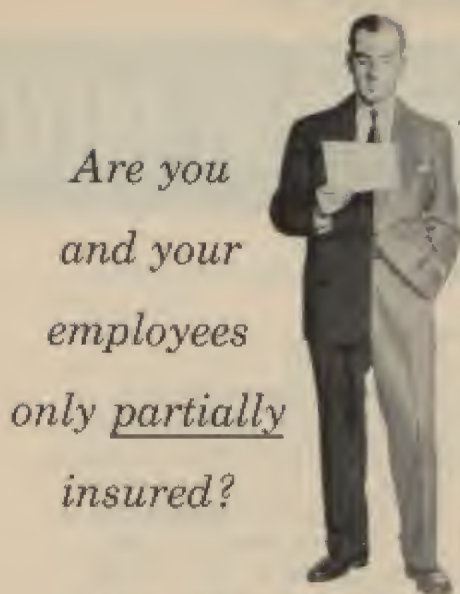
In 1930 our company, Whittaker, Clark & Daniels, Inc., was producing and selling low micron talcs which were well under the "top particle size of 44 microns." This fineness of grind is therefore not a new development. In all truthfulness, we were not the original company promoting the use of such fine talcs, for long before this, talc producers in Luzenac, France, were marketing a material made by the Cottrill process.

Prehistoric man, and man in the Stone Age did use talc that wasn't ground at all. In reading history we can find references to talc having been used in a ground form in the Seventeenth Century in England . . . it is fairly safe to assume that the Egyptian and Italian talcs were ground in the days of the Romans, for cosmetics had reached a comparatively high stage of development.

The uses of 600,000 tons per year as given for consumption in the United States should be clarified, for this is the approximate figure taken from the Bureau of Mines yearbook and includes a mineral known as Pyrophyllite, which is basically an aluminum silicate whereas talc is a magnesium silicate.

While manufacturers using the pigment titanium dioxide have found a superfine grind of talc to be extremely valuable for the production of paint, the superfine grinds of talc were developed and used by the paint industry long before titanium oxide became the popular pigment it is today.

Also, we note that it is stated before World War II "all talc insulators had been cut from block lava imported from Italy and India." The original insulators were made from block lava talc but the changeover to electronic insulators being made from powdered material started long before World War II and even as early as 1940 the insulators made from block or lava talc would have constituted no more



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than one or two per cent of the total insulators produced in the United States . . . there (also) are imported grades (of tale) as well as domestic which meet the United States Pharmacopoeia specifications.

We would not be so lengthy in commenting upon the article if we did not feel that tale is a material of great interest to many industrial manufacturers. We consider this a widely interesting mineral and, due to its complexities and varieties of application, a material about which many people are interested in reading.

We likewise feel that the increasing demands for finer grinds play an important role in the use of tale but equally so we have increasing demands for coarser grinds so that our emphasis today is upon controlled grinds.

A. J. GITTER,

Whittaker, Clark & Daniels, Inc.,  
New York, N. Y.

#### Cooperation means progress

When business and professional people work together the accomplishments can be unlimited. Congratulations on your timely and informative article "You're Starving Your Local Chamber [May issue]."

THOMAS M. BROWNLEE  
Chamber of Commerce  
Tallahassee, Florida

#### Where'd he come from?

In your April edition, page 17, Felix Morley leaves me the impression that Texas produced Sam Houston. I'm sure he knows that Tennessee produced the great leader Houston. Mr. Morley is a good writer, which you know—but the fact will bear repeating.

MARVIN W. KRIEGER  
Chamber of Commerce  
Johnson City, Tenn.

NOTE: Sam Houston—Virginia born, Tennessee raised, Texas famed.

#### M, not B

You stated ("The Coming Boom," May issue) that in 1950 there were "twenty-nine billion" pupils enrolled in elementary and secondary schools. You further told us that the average number of pupils per teacher was 28. Where are these billion teachers now?

Seriously, shouldn't the figure read "twenty-nine million?"

DOUGLAS H. MUELLER,  
Board of Commerce,  
Detroit, Mich.

NOTE: It should.

#### Labor concentration

Re: "Business Concentration gets rough treatment from labor" (Management's Washington letter, May issue). Why not add percentage of union concentration on labor?

NIMSON ECKERT  
Allentown, Pa.

NOTE: About 16,500,000 (33 per cent of organizable workers) belong to 215 unions (109 in AFL, 33 in CIO, 73 independents).

# Water is vital...



Over 5-billion dollars invested in waterworks now provide Americans with 3-trillion gallons of good, safe water each year!

## Badger meters help make water departments self-supporting



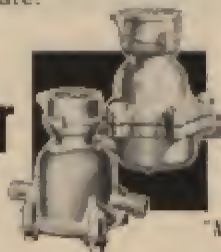
Your greatest bargain! Even today, one penny's worth of water can do two weekly washings for the average family — with plenty of water to spare!

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The meters are easily installed, soon pay for themselves. And they give long years of trouble-free service. But get all the facts on the way Badger water meters can serve your community. Write us for complete information.

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How? Salesmen now write their orders on a translucent form. Prices, extensions and back orders are posted to this same form. Ozalid copies are made for Credit, Billing, Shipping, Inventory Control, Production and customer's confirmation. And the time saved is worth more than the payroll saving.

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An Ozalid machine also copies letters, memos, reports, written notes—and drawings, specifications, invoices, lists, ledger sheets, statements, shipping directions, schedules, tax reports, and 75% of incoming letters.

Not enough copies is costly in any office. Plenty of copies are always available with

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An Ozalid machine makes better copies, more quickly, more economically than any office worker or any photocopying machine. It will copy anything written, typed, printed or drawn—on translucent paper that lets light through. Ozalid reproduction is instant—requires no stencils, negatives, darkrooms.

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Ask the nearest Ozalid distributor (see *phone book*) to show you the Ozalid machine you should have...or write to 92 Ozaway, Johnson City, N. Y....In Canada, Hughes Owens Company, Ltd., Montreal.

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# OZALID



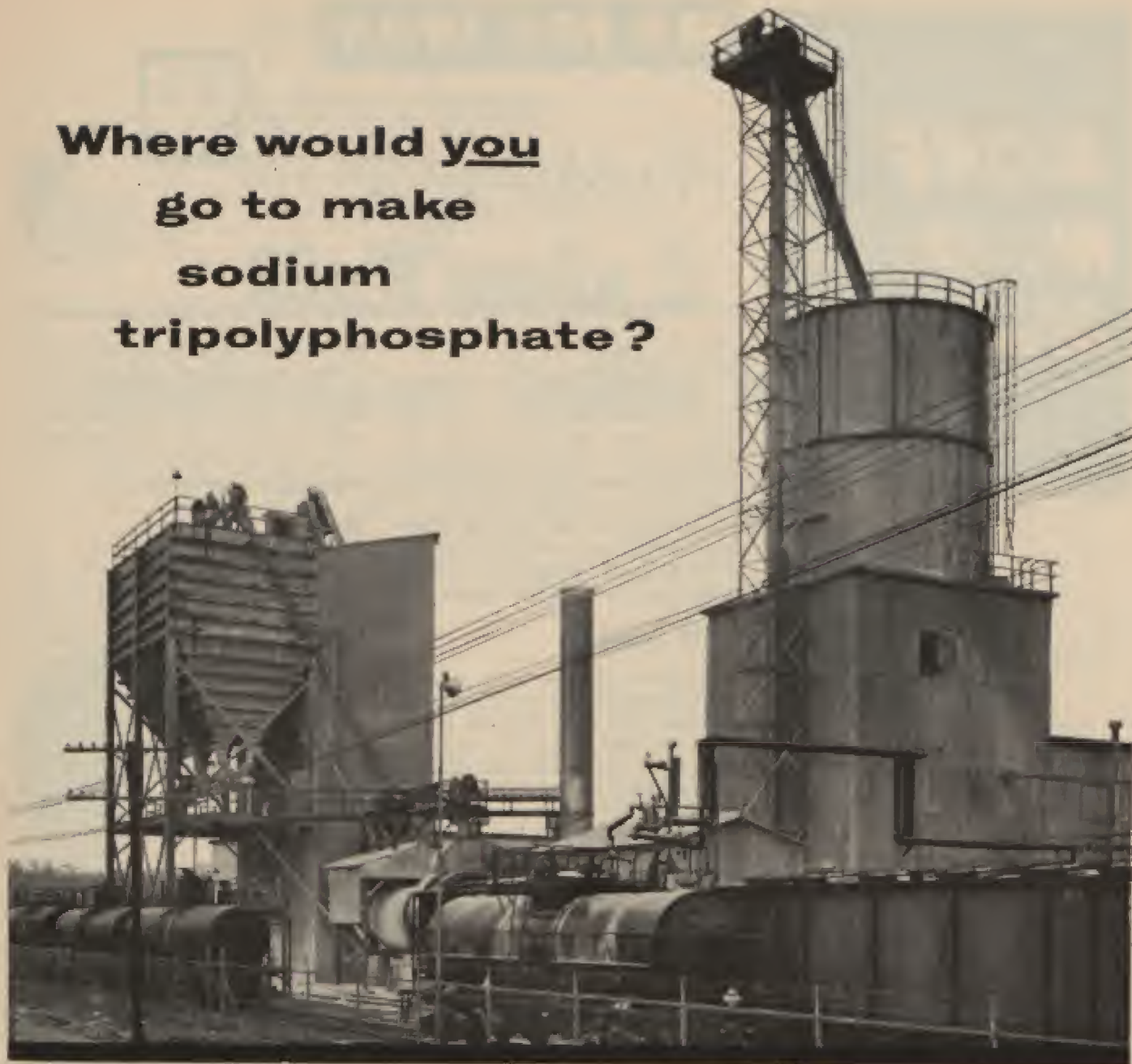
OZAMATIC (left) is a table model, handles sheets as wide as 16", and can make up to 1000 prints an hour.

BAMBINO (right) is the smallest, fastest, low-priced office copying machine; will make 200 copies an hour, on sheets as wide as 9", for less than 2¢ a copy.





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C&O's Industrial Development Department was

able to take them right to a site on the outskirts of Cincinnati which met every one of these requirements and had a few other unexpected advantages.

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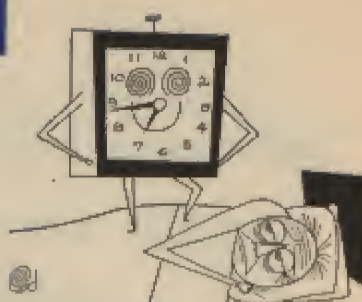
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## BY MY WAY

*R. S. Duffus*



### Why I hate alarm clocks

THE WORST thing about an alarm clock, I have decided, is not the noise it makes when it goes off. We could have an alarm clock that didn't make any noise at all, if we cared to. No, the worst thing about an alarm clock is waking up and knowing it is about to go off. I wonder if anybody could invent something to stop this.

### TV vs. crumpets

A DISPATCH from London maintains that the British have solved the problem of getting children to eat their suppers instead of watching television. They have done this by not having any television programs at supper-time—whatever time *that* is. But this statement was issued by adults. I'd like to have a statement from the associated and amalgamated children of Britain before I make up my mind.

### The fortunate male

ONE OF the privileges of being a male is that one never has to worry about one's hairdo—not, at least,



after one has grown up and hasn't much hair to do, even though he should have an inclination to do it.

### More about men vs. starlings

THE TREASURY Department in Washington, which is housed in a handsome Greek or Roman structure resembling a temple, has installed electric wires in areas where starlings and pigeons have been accustomed to roost. This is said to do the birds no harm—it merely causes them to go somewhere else, possibly to the Department of Justice build-

ing, where a fellow can perch without getting his feet overheated. But I don't think the Treasury will get anywhere with this device; the result will be, I believe, the development of a race of starlings and/or pigeons equipped with asbestos soles.

### Wanted: a fishsitter

MY WIFE brought home a cardboard container which I hoped contained banana ice cream but which turned out to contain about a pint of water, two fish, each about an inch long, and a snail named Oscar. These are not big enough to eat, and I am afraid that if they ever get that big we will be too fond of them to eat them. At present I feel bowed down under this new responsibility. Whatever are we going to do when we want to go out for the evening?

### Or maybe a sea gull

A MINISTER'S wife in Hammerfest, Norway, reports that (in the words of the United Press dispatch) she "found a nugget of natural gold the size of a peach stone in the craw of a white grouse she was preparing for dinner." I will bet, human nature being what it is, that the price of white grouse in Hammerfest immediately doubled or tripled. Of course a wise person, like you or me, would have realized that there was no use in buying white grouse—you or I would go out right away and buy a black or pink grouse.

### Sex isn't everything

I HAVE BEEN reading an interesting article about the difference between men drivers and women drivers. Men drivers think women drivers, all except their own wives, are not very good. What women drivers think is, strangely enough, seldom published. The insurance companies, looking at the situation with objective financial eyes, and trying as usual not to lose money, not long ago cut the rates on women, or girls, under 25. This really means, of



Hand her a letter,  
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Thousands of companies are speeding routines now with the *completely different* Kodak Verifax Copier. It costs only \$240 . . . and it makes 3 copies of any record for less than 4¢ each.

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In short, the savings on your job and hers in one month should exceed the \$240 cost of a Kodak Verifax Copier. And we haven't even considered the other office personnel who'll realize comparable savings.

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course, that women drivers under 25 are not as dangerous as the companies, and others, once thought them to be. My own theory is that men and women differ in many important ways, just as nature intended, but that safe driving has nothing to do with sex. Sex has enough to answer for without that. I think people are people, in and out of cars, and regardless of sex.

#### "Out of my own garden"

IN THESE halcyon days (I am going to look up that word halcyon some day—I think it is a nice word) we can have green peas or corn on the cob in December, and if we can pay what the florist asks June is no longer exclusively the month of roses. But I am sure there are still



some amateur truck gardeners in Vermont, and maybe other northern states, who are proud to pick new peas out of their own gardens by the end of June, or by the Fourth of July at the latest.

#### "Decline and fall," paperbound

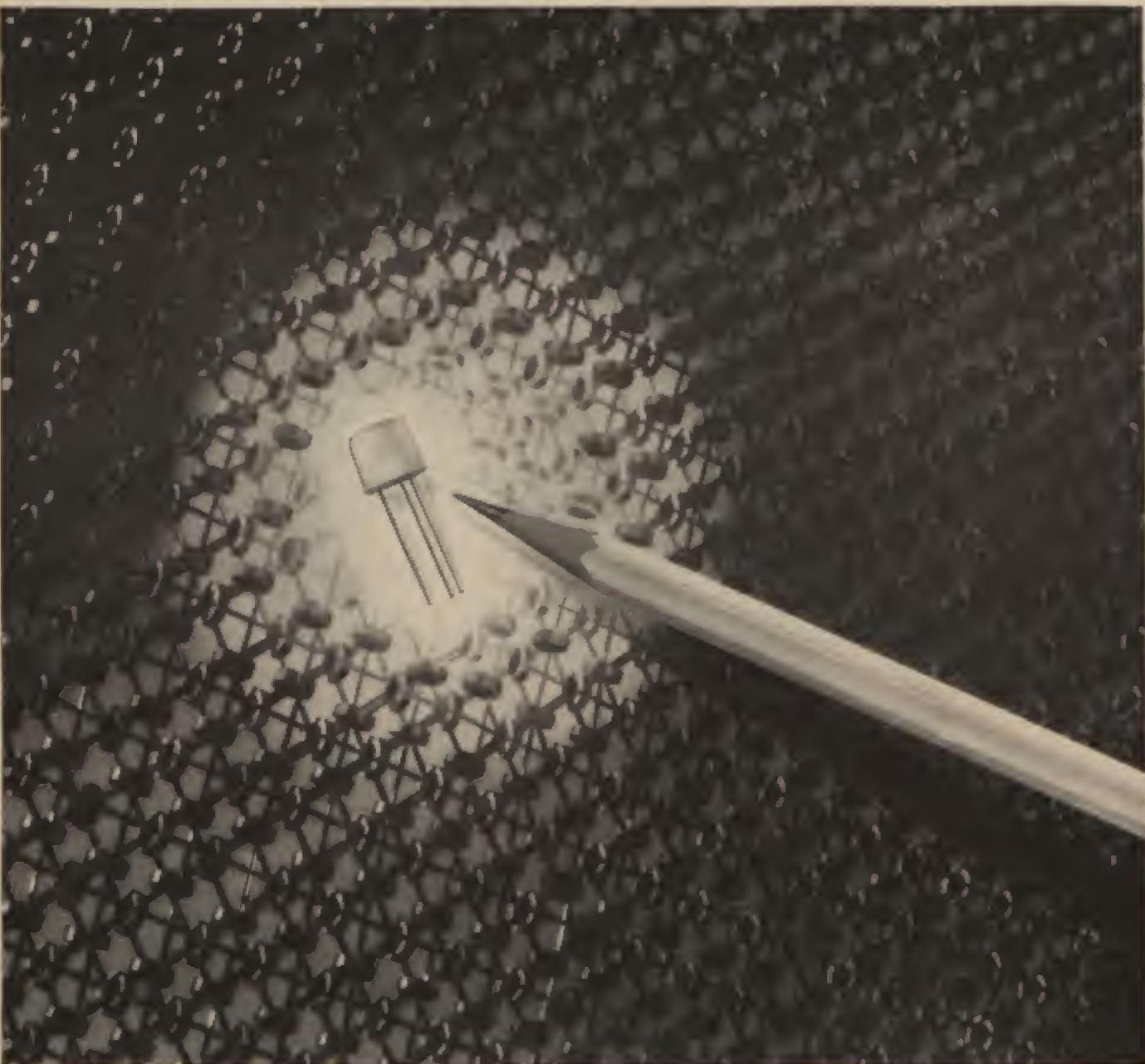
THE YOUNG man in the booth next to my wife and myself in the restaurant was intently reading a paper-bound volume, not too large to be held comfortably in the hand that was not wielding fork, spoon or glass. A few years ago it would have been a mystery or a western—and of course might still have been. What it turned out to be, however, was Edward Gibbon's "Decline and Fall of the Roman Empire," originally published in six huge volumes and sometimes republished in seven volumes. I wondered if the young man had been disappointed in love. But maybe he just liked history. He looked as though he felt himself in good company—as, indeed, a man is if he sits with a good book.

#### Saving June for dessert

WHEN I was a boy I would sometimes put aside my orange, banana, or stick of candy, so as to look forward to the pleasure of eating it. And now I think in much the same way about the month of June, which has not begun as I write: I wish I could save it and use it, the year round, whenever the weather or anything else got too bad, a day at a time. Or even an hour.



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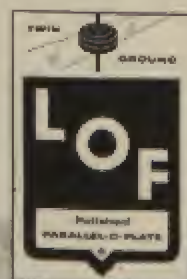
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# State of the nation

By Felix Morley



GEORGE LOEB

## New life brings broader horizons

**T**HE LATE Senator Vandenberg of Michigan had an acidulous tongue. He it was who remarked, at the outbreak of the Korean War, that if the Democratic Administration desired a bipartisan foreign policy it should let Republicans "participate in the take-offs as well as in the crash landings." And it was the same senator who, on becoming a grandfather, was quoted as saying that the defect in this condition is that it implies being married to a grandmother.

This second motion calls for debate. Admittedly, no patriarchal state can be achieved without payment in accumulated years. Inevitably this burden weighs on the one whom the Internal Revenue Service delights to call a "spouse." But you need only observe a newly created grandmother to appreciate her rejuvenation in that capacity. For her the pleasures of maternity have been restored, without the pains. The knitting needles, which she had laid aside for years, are clicking again. Much else clicks with them.



The first reaction of any grandparent, on reaching that biological eminence, is undoubtedly one of pride, devoid of any vainglorious taint. With the sense of achievement, in perpetuation of the family line, comes a sometimes sudden realization that one's own children have really matured. Even marriage does not always reduce the strongly ingrained parental solicitude to a proper proportion. But true respect, as distinct from perhaps cloying affection, is likely to be born when our sons and daughters become parents in their turn.

A second consequence of this everyday yet always exceptional occurrence is no less psychologically interesting. With the birth of a grandchild the mind naturally reverts to one's own grandparents, or to such of them as can be caught in personal memory. Naturally they are visualized as old people and you remember that your parents were always considerate for their parents. The respect you felt on visits to grandfather's farm edges the recollection of those many little benefits that have been earning compound interest for you so long.

The mind covers a long span, when it leaps with speed greater than light from grandson in his bassinet to grandfather in his rocking chair. That old gentleman was born in 1825, when John Quincy Adams was President. You remember his story of the first time he saw a railroad train, preceded by a man walking the track with a red flag as ordained by law for the protection of pedestrians. It was hard to believe that things were ever so backward. Your grandson's credulity will be equally taxed when you tell him that you were given a holiday from school to see the first airplane that ever flew over your native city.

Yes, grandfather was born in 1825. And, come to think of it, grandson will only be 70 if he lives to 2025. That span of two centuries is longer than the history of this Republic. It links the age of candlelight with that in which atomic energy will be commonplace. And you, yourself, are in a sense the pivot on which this long panorama of past and future turns. What is it that gives us this memory to go, even if gropingly, so far back; this capacity to look, even if dimly, so far ahead? Surely the in-



## State of the nation

escapable conclusion is that we were never intended to live for the present moment, or for ourselves, alone.

On that recent evening of grandson's birth you and your wife asked Mary's in-laws out to dinner, to celebrate. It was an impromptu frolic, which couldn't be definitely scheduled in advance. But the occasion was the more joyous because all the quartette realized that a closer relationship had been established. That tiny mite in the hospital had drawn the grandparents together with his dimpled, clutching fingers.

We considered how ancestry proliferates, with pencil and paper to prove the point. Each of four grandparents can name four grandparents of his or her own, giving little Whoozit 16 readily identifiable ancestors. And each of these 16 in turn had four grandparents, giving the baby a congregation of 64 lineal forebears, almost within memory.

No wonder that genealogy is a frustrating form of research! Go back 12 generations and to make the record complete you would have to name 4,096 grandparents. Carry the family tree back for 25 generations—say seven and a half centuries—and the newborn baby's direct ancestors have swollen to the fantastic number of 16,777,216. Even discounting the numerous overlaps of inescapable intermarriage, it would take a shelf of telephone directories merely to list the names in Whoozit's bloodstream. And there would be further difficulty in classifying the surnames, when one reached those known as Peter the miller, or Frank, son of Richard.

So your grandson has an ancestry which spreads out in a manner comparable only with the national debt, of which he is also at present blissfully ignorant. Almost to a certainty, royal blood runs in the baby's veins. As an English biologist has amusingly demonstrated, the chances are about a thousand to one that every living Englishman, and therefore vast numbers of Americans also, can claim William the Conqueror as a direct ancestor. The exceptional person would be the one without, not with, a legitimate coat of arms.

But, as a healthy leaven to snobbishness, it is equally probable that somewhere in the family background there are whole droves of paupers, felons, imbeciles and ne'er-do-wells. Naturally we prefer to search out the belted knights, the bishops, bankers, jurists and admirals who adorn our near or distant ancestry. A little algebra shows that the genealogist must be highly selective in his research. When all the sheep cannot be counted it is reasonable to overlook the black ones.

Grandson has famous ancestors, of course. And also infamous ones on whom we shall not dwell. But most important in his heredity is that great

majority of simple, decent men and women who never moved erratically up or down. "Along the cool sequestered vale of life they kept the even tenor of their way."

That type of slow but sure accomplishment, with duty rather than drama as its guiding light, has always been especially prevalent in rural areas. And Americans are fortunate because in so many cases their family trees are deeply rooted in the good earth. The feel of the soil, not that of the scepter, is most natural to your grandson's fingers. The song of birds, rather than the shriek of sirens, is ingrained in your granddaughter's atavistic memories. And if the clouds of doom should ever rain destruction on metropolitan ganglia, this long conditioning from rural background will serve our descendants well.

• • •

"Why he looks just like Mary," exclaimed your wife when you paid your first visit to little Whoozit. At first the claim seemed exaggerated. To you that bundle of pink and wrinkled flesh was almost featureless. But soon, as in other matters of intuition, you came to realize that grandmama was right. The baby does resemble his mother, as she resembles hers. This is the physical evidence of inherited characteristics. But it is only the frame. He will fill in the picture on his own.

And what is your part in the molding of that future? Having done your bit for grandson's heredity, what will you contribute to the environment which is also such a persuasive factor? The question is delicate, for this is not your child, even assuming that any child was ever really yours. In grandson's case, however, it is decidedly not your business to usurp the parental role.

Which does not mean that you cannot backstop. If advice is asked, it can be conscientiously given. If help is needed, it can be unostentatiously rendered. And your interest, of course, will be perennial. It was aroused when you first heard that grandson was on his way. It has grown since. With him, it will continue to grow.

That makes you aware that your own horizon has been contracting. Your interest in other people, and impersonal problems, has withered somewhat. You have been tending to think, and talk, too much about the good old days. Perhaps Mary was right when, some time since, she introduced you as: "My father—a nice old reactionary!"

Now that tempestuous little girl, your problem child of years gone by, is herself a mother. That makes you a grandfather. And it has done something for you, as well as for your wife. You look ahead, not back. The future is your concern again; the more interesting for being so unpredictable. Nobody can call you reactionary now, with this new lease on life in your spiritual strongbox.

And who, you well may ask yourself, inspired your helpless grandson to write that lease for you?



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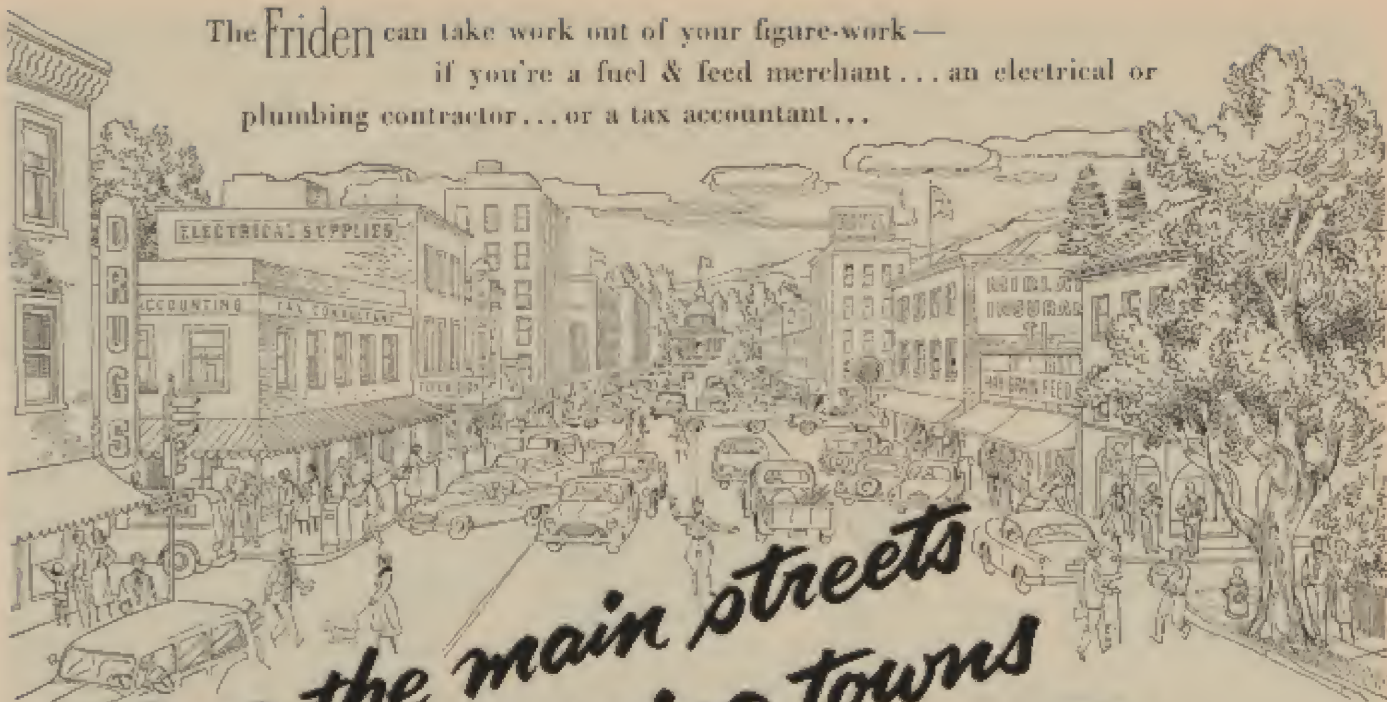
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# Washington mood

By Edward T. Folliard



## Ike might win peace and retire

**I**F YOU ARE President of the United States, you have two overriding concerns, two shining goals—prosperity and peace. They are foremost in your consciousness as you go to bed at night and as you get up in the morning. All other objectives are gnat-sized by comparison.

Let there be good times in the land and a fair assurance that there will be no war, and the man in the White House has every reason to feel that he has done well as a servant of the people.

Getting down to cases, President Eisenhower isn't sure as yet, but he has a feeling that he may have the great good fortune to achieve both prosperity and peace.

The economic picture is bright. Such words as "slump" and "recession," which filled the air for a time last year, have vanished from everyday conversation here in Washington. It looks like a good year, maybe the best of years. Moreover, the White House economists believe that we are in for a sustained period of good times.

The hope for peace is much more fragile. In a world where the communist nations have made treachery a national policy, and have distorted such words as "freedom" and "democracy," it takes a supreme optimist to look for any real improvement in international relations.

Still, President Eisenhower believes that something momentous and good may be taking shape in the world. It is, as he said at a press conference recently, a belief born of a sixth sense.

"Now, I will confess," he told the reporters, "that I have a feeling that things are on the up-swing."

Such an outlook, even though based on nothing more than a hunch, ought to be a cause for rejoicing. And so it is for most of us. However, there is an aspect to it that is disturbing to some of the Republican politicians hereabouts, much as they, too, hunger for peace.

The question these professionals ask themselves is this: What would President Eisenhower do about 1956 if the country was prosperous and the threat of war had disappeared? Would he decide to pass up a try for a second term and retire to his farm at Gettysburg?

The G.O.P. strategists don't know the answer but they are inclined to believe that Mr. Number One might be strongly tempted to retire.

The assumption that he would run again in '56—and that's all it has ever been, an assumption—has been based on the idea that he would be moved by his strong sense of duty, not to party but to country. He would run, it has been argued, if he was persuaded that the people really wanted him to run and believed that he was needed to guide the United States through an age of peril.



So it would seem to boil down to this, in the eyes of the Republican politicians: The better the outlook for peace and prosperity, the darker the outlook for the slogan, "Ike in '56." Given good economic conditions and a happy prospect for world tranquility, General Eisenhower could leave the White House as the architect of peace as well as of victory. Nobody could very well charge that he had failed in his duty.

Of course, we will know much more about this peace business a year from now. It may turn out to have been a mirage after all. There have been so many disappointments in this field, so many broken promises, so much double talk, that Americans have good reason to be wary of communist intentions. I remember a press conference that former President Truman held in May, 1950, when the Missourian, a born optimist, said that the danger



## Washington mood

of a war with Russia had lessened greatly. He was right about Russia, but the next month, on a signal from Moscow, the North Korean communists charged across the Thirty-eighth Parallel to start a war that was to last three years.

What our government has been waiting for, indeed, what the whole free world has been waiting for, is some definite sign from Russia—something in the way of deeds, not words. President Eisenhower's idea of a deed, as he said more than two years ago, was an offer by Russia to sign an Austrian peace treaty. Russia has now made such an offer.

That act really inspired the latest hopes for a more tranquil world.

• • •

On top of Russia's move came the announcement by Chou En-lai, Premier of Red China, that he was willing to sit down with American statesmen and try to reduce the tensions growing out of the Formosa Straits crisis.

At this point, Sen. Walter George, the powerful Georgia Democrat who heads the Foreign Relations Committee, made a remarkable speech here in Washington before the American Society of Newspaper Editors. He spoke without manuscript or notes, and consequently his words got nothing like the publicity they deserved. Senator George, a practical realist where foreign affairs are concerned, gave the editors a most hopeful appraisal of the world situation.

He said that time and diplomacy had corrected two of the greatest mistakes of World War II, the insistence on the destruction of Germany and Japan. He said that the peace treaties with these two countries, their comeback as industrial and commercial powers and, ultimately, as military powers, was largely responsible for the new tack of the communists.

Speaking of the Russian offer to conclude a peace treaty with Austria, Senator George said:

"A study of Russian tactics ought to show that it can mean but one thing and that is that Russia is tremendously concerned with the rearming of West Germany and with Germany taking her place in the NATO group. . . .

"The great hope for stability in the Far East is somehow, sometime, the revival and solidification of the efforts of Japan and India, the most populous countries outside of the Chinese Peoples' Republic, in all of Asia.

"Now I have been thinking for many weeks and even many months that, after a period of great wars and particularly of great revolutions, fairly shaking the foundations of the old civilizations, a people into whose hands leadership has been thrust

must be able to make some adjustments to meet the changing conditions of the world. . . ."

Senator George said it was such thoughts as these that prompted him to suggest a Big Four meeting in which President Eisenhower would confer with the leaders of Russia, Britain and France. He said also that the United States should be willing to negotiate with Red China.

"That is not appeasement," Senator George said. "It never has been and never will be appeasement for any strong power to say to another power that it is willing to sit down and talk about the problems that concern the world."

Here the Senator seemed to have in mind some of President Eisenhower's own Republicans. Senators Knowland, Bridges and Jenner, for example, who have warned against dealing with the Chinese Reds and against a Far East Munich.

The President himself seems to go along with Senator George. Although he came to power on a wave of anticommunist sentiment in '52, he is clearly preparing the American people for a possible settlement with the Reds. He began preaching back in October that "since the advent of nuclear weapons, it seems clear that there is no longer any alternative to peace if there is to be a happy and well world."

General Eisenhower certainly does not foresee any sweeping agreement between the East and West, or any backdown by either side in the matter of ideologies. The most he hopes for is what he calls a *modus vivendi*—a mode of living.

Turning back to the economic picture at home, nearly all reports and surveys, governmental and private, are on the bullish side. Occasionally, though, forecasts about future economic health contain an "if"—if automobile production continues to hold up. The implication is that the motor industry may be overproducing and may have to cut down.

The automobile men themselves—Lester L. Colbert, president of the Chrysler Corporation, for example—seem to have a heads-up attitude toward the future. Mr. Colbert, in a notable speech at the Forty-third Annual Meeting of the Chamber of Commerce of the United States, said that "big and exciting things have been happening" in Detroit.

"It looks now," he said, "as if this can be one of the motor industry's best years, if not its best year. . . ."

Not only the United States, but its friends and allies of the free world are showing up the communist countries in the economic field. The sharpest contrast is in Europe. West Germany, a loser in World War II, has far more to offer her people in the way of good things of life than the Soviet Union, her conqueror, has to offer the Russian masses. Maybe this, too, is in the minds of the communist rulers these days.



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# LABOR BUILDS POLITICAL POWER

**Merged AFL and CIO will concentrate on organizing 30,000,000 nonunion workers . . . a drive for favorable laws is an essential part of this effort**     **By LEO WOLMAN**

*AFL's George Meany, CIO's Walter Reuther*



THE impending CIO-AFL merger does not justify expectations of an era of industrial quiet and harmony.

Rather, removing or allaying dissension within union labor will free the energies and resources of some 200 or more national unions for the pursuit of the grand objectives of organized labor. While these objectives are not to be found in any published blueprints, it is not difficult to forecast the agenda which will direct the policies and activities of the American labor movement in the foreseeable future.

The first objective is to enhance union influence and power, political and economic.

Uninhibited by disturbances within its own ranks, not to speak of the united front it can present to the public, the newly formed federation of labor may be expected to give its undivided attention to this goal.

What it needs to do in this respect is reasonably clear.

The first task is to organize the unorganized. As matters stand to-

day, the 16,000,000 to 17,000,000 union members, of whom close to 15,000,000 belong to AFL and CIO, constitute something like one third of the country's total organizable employees. The two thirds, or more than 30,000,000, are obviously a prize worth fighting for and capturing. With even 16,000,000 members, the union movement has become one of the nation's most formidable economic and political forces. One may imagine its status should it gather in an additional 10,000,000.

Who the unorganized are is well known. They are white collar workers throughout the country, government employees, and a cross section of industrial employees in the South. Though many plants in the steel, rubber and automobile industries in the South are thoroughly unionized, organization in other industries is substantially below the average in the rest of the country.

The obstacles that have stood in the way of organizing these classes of the unorganized—the apathy, in-

difference or hostility of the employees, the attitudes of the employers, and provisions of the federal labor law—have already been under attack by union leaders and organizers. It is a fair guess that, once the merger has been effected, the combined resources of a powerful collection of labor unions will be used to make the South the next battleground for the expansion of union membership and power.

It is most unlikely that a campaign of such proportions can, and will, be conducted peaceably. This year's strikes against the Southern Bell Telephone Co. and the Louisville & Nashville Railroad were examples of what labor organizations will do to impress their will on employers and on the communities where they operate.

In both these cases the issues seemed hardly worth striking for. In both cases it is doubtful that the union position reflected the wishes or interests of rank and file members. At the outset there was evidence that





**New AFL** Teamsters headquarters is near U.S. Capitol



**Sketch of** Operating Engineers' building

the members were willing to keep at work or to return to their jobs. But the union administrative machinery upset this state of affairs. The conflict became a species of warfare marked by cutting of telephone cables, shooting, the occupation of property, and the disruption of extensive and vital industrial operations. So it may well be with the new organizing drives in the South.

No one knows better than labor leaders that such risks would be unbearable unless they were supported by the appropriate political alliances, influence and power. Therefore, an equally pressing objective of the united labor movement is the achievement of the requisite political strength, local as well as national. Already the CIO and AFL organizations have moved a long distance in political sophistication and effectiveness.

But what has happened is only a suggestion of what the merged federations will undertake to do once they act together to promote their joint political interests.

The two organizations have already taken a far-reaching first step toward a fruitful and novel political alliance. Although there is much doubt as to whether the public interest, and hence the interest of labor and farmers, is best served by replacing flexible with fixed parity prices for basic agricultural commodities, the CIO and AFL have evidently made up their minds how their political fortunes will be best served. They have allied themselves

with the fixed parity bloc in Congress. The chairman of the House Committee on Agriculture recognized the significance of this action. In a foreword to the committee's report he writes: "For the first time in my 20 years' service on the House Committee on Agriculture, distinguished labor leaders appeared in our committee room to speak in behalf of legislation beneficial to farmers."

The chairman is Rep. Harold D. Cooley, from North Carolina. The union spokesmen were Walter Reuther, president of CIO, and George Meany, president of AFL.

When it is recalled that the South is the region next to be unionized and that the rural representatives in state legislatures and Congress have traditionally maintained their independence against union pressure and policies, it should be easy to see what the practical effects of such a political line-up could be.

Successful organizing depends, not alone on the existence of favorable federal legislation, but also on friendly local laws and, above all, on the character of local law enforcement.

The political bearing of this and similar alliances can be most clearly understood in terms of organized labor's legislative program. The adoption of the Taft-Hartley Act subjected unions to inhibitions which they do not like and which they consider obstacles to their expansion. One such restriction is the Taft-Hartley provision which, for

all practical purposes, legalizes state right-to-work laws and thus limits the area within which compulsory membership can be introduced. The swiftest and most effective way of increasing union membership is by making membership compulsory, either through the closed or union shop, or by some variant of them.

Unions regard the state right-to-work laws, whether they are fully enforced or not, as among the most formidable barriers to their growth. Consequently AFL and CIO have started a campaign to prevent the enactment of additional right-to-work laws, to repeal existing laws, and to remove from Taft-Hartley the provision which gives these state laws precedence over the federal law. If we are entering a period in which organized labor and other organized interests are ready to exchange favors, the general labor movement of this country may succeed, as the railroad unions have for many years, in writing its own labor statutes.

The largest issue concerning the political future of a unified labor movement turns on the sources of organized labor's political power. It has been said—probably correctly—that unions, individually and collectively, do not control the votes of their members. But the political machines that administer modern unions do control the financial and administrative resources of their organizations.

These large and growing resources can be used for political work. The

*(Continued on page 94)*





**Eisenhower** lays AFL cornerstone



**Here's** how new AFL building will look when complete (see cover)

**CIO** Electrical Workers' site



**Letter Carriers** new building



**IBEW** building gets new face



**AFL** Bakers bought this site, expect to build



**Headquarters** of AFL Machinists nears completion





# MORE TVA'S?

## DECISION IN '56

The Eisenhower partnership policy for the development of electric power will be a major issue in the elections next year

By **ALAN L. OTTEN** and **CHARLES B. SEIB**

MOUNTAIN SHEEP, Green Peter, John Day, Trinity River, Hell's Canyon, Pleasant Valley . . .

These are some of the battlefields in a nationwide war over how America's power resources shall be developed. On one side are the advocates of federal construction and operation. On the other are the proponents of development by private industry or, in some cases, by local public groups.

The power war is not new. It was waged during the administrations of Franklin D. Roosevelt and Harry S. Truman, with virtually every battle going to the federal power forces. Those 20 years saw the birth and growth of the Tennessee Valley Authority, the massive projects in the Pacific Northwest and the development of federal programs in many other parts of the country.

But now, under the Eisenhower Administration's partnership power policy, the tide of battle has turned. The emphasis is now on private or local public development of power resources. Project after project is being molded in the new pattern.

As the 1956 presidential campaign draws nearer, the power war will grow hotter. Democrats plan to make an attack on the Eisenhower policy a major part of their electioneering, especially in the Northwest, the Tennessee Valley and other power-conscious regions. Senator Wayne Morse of Oregon has set the pace by announcing already that the power issue will figure heavily in his 1956 fight for reelection.

Exactly how has the government's power policy changed? Stripped to

essentials, here's the difference between the old and the new:

For the 20 years before 1952, the federal government took the lead in developing the nation's hydroelectric power. The Army Corps of Engineers, the Interior Department's Reclamation Bureau and special agencies like the Tennessee Valley Authority built dams and power houses and marketed the electricity produced there, frequently transmitting it to customers over government-built lines. The theory was that the power was just a by-product of dams built for flood control, irrigation or navigation, though at times the tail seemed to be wagging the dog.

Closely tied in with federal construction and operation of power plants was preference in power sales. This doctrine, which proponents claim dates back to the beginning of federal power development under Theodore Roosevelt, provides that the federal government must give first call on its power to municipalities, public utility districts, rural electrification cooperatives and other public or semipublic bodies. In many cases, Uncle Sam encouraged the establishment and growth of these preferred customers. Private utilities were sold only the power that public groups couldn't use.

Today, the federal government program is aimed at encouraging local interests—private or public—to step in. There'll still be some all-federal projects, where the cost or size puts the undertaking beyond the scope of any local group, but these will be fewer and fewer.

The partnership approach will

## FEDERAL

*In Service or Under*

*Construction (COLOR DOTS)*

1. Chief Joseph, Grand Coulee 2. Albeni Falls 3. Bonneville 4. The Dalles 5. Hungry Horse 6. Tiber 7. Dexter, Lookout Point 8. Big Cliff, Delroit 9. Canyon Ferry 10. Keswick, Shasta 11. Black Canyon, Boise River, Anderson Ranch 12. Minidoka 13. Palisades 14. Boysen 15. Garrison 16. Alcova, Kortes, Seminole 17. Glendo, Guernsey, Lingle 18. Angostura 19. Oahe 20. Fort Randall 21. Gavins Point 22. Nimbus 23. Yosemite 24. Green Mountain 25. Lake Estes, Rattlesnake, Palehill, Marys Lake, Flat Iron, Big Thompson 26. Hoover 27. Davis 28. Parker 29. Coolidge 30. Elephant Butte 31. Whitney 32. Denison 33. Fort Gibson, Tenkiller Ferry 34. Table Rock, Bull Shoals, Norfolk 35. Blakely Mountain, Narrows 36. Old Hickory, Cheatham 37. Wolf Creek, Dale Hollow 38. Bluestone 39. Philpott 40. John H. Kerr 41. Allatoona 42. Buford 43. Clark Hill 44. Jim Woodruff 45. Falcon TVA South Holston, Wilbur, Watauga, Fort Patrick Henry, Boone, Nolichucky, Cherokee, Douglass, Fort Loudon, Fontana, Norris, Kentucky, Chickamauga, Hales Bar, Ocoee No. 1, Ocoee No. 2, Ocoee No. 3, Blue Ridge, Hiwassee, Chatuge, Nuttely, Guntersville, Columbia, Great Falls, Wilson, Wheeler, Pickwick Landing

*Authorized*

*(WHITE DOTS)*

1. John Day 2. Roza 3. Lower Monumental, Ice Harbor 4. Little Goose, Lower Granite 5. Libby 6. Kenil, Pertage 7. Hills Creek, Cougar, Green Peter 8. American Falls 9. Absoroka 10. Missouri Diversion 11. Yellowtail 12. Tongue River, Moorhead 13. Gateway, Wanship, Deer Creek 14. Fremont Canyon 15. Pony Hills, Big Bend 16. Cameo, Molina 17. Lillian Davis Creek #1 and #2 18. Keystone 19. Webbers Falls 20. Short Mountain, Ozark 21. Beaver 22. Dardanelle 23. DeGray 24. Carthage, Celina 25. Gathright 26. Salem Church 27. Canyon F 28. Rockland, McGee Bend 29. Jones Bluff, Millers Ferry 30. Howell Mill Shoals 31. Hartwell 32. Ft. Gaines



# POWER PROJECTS

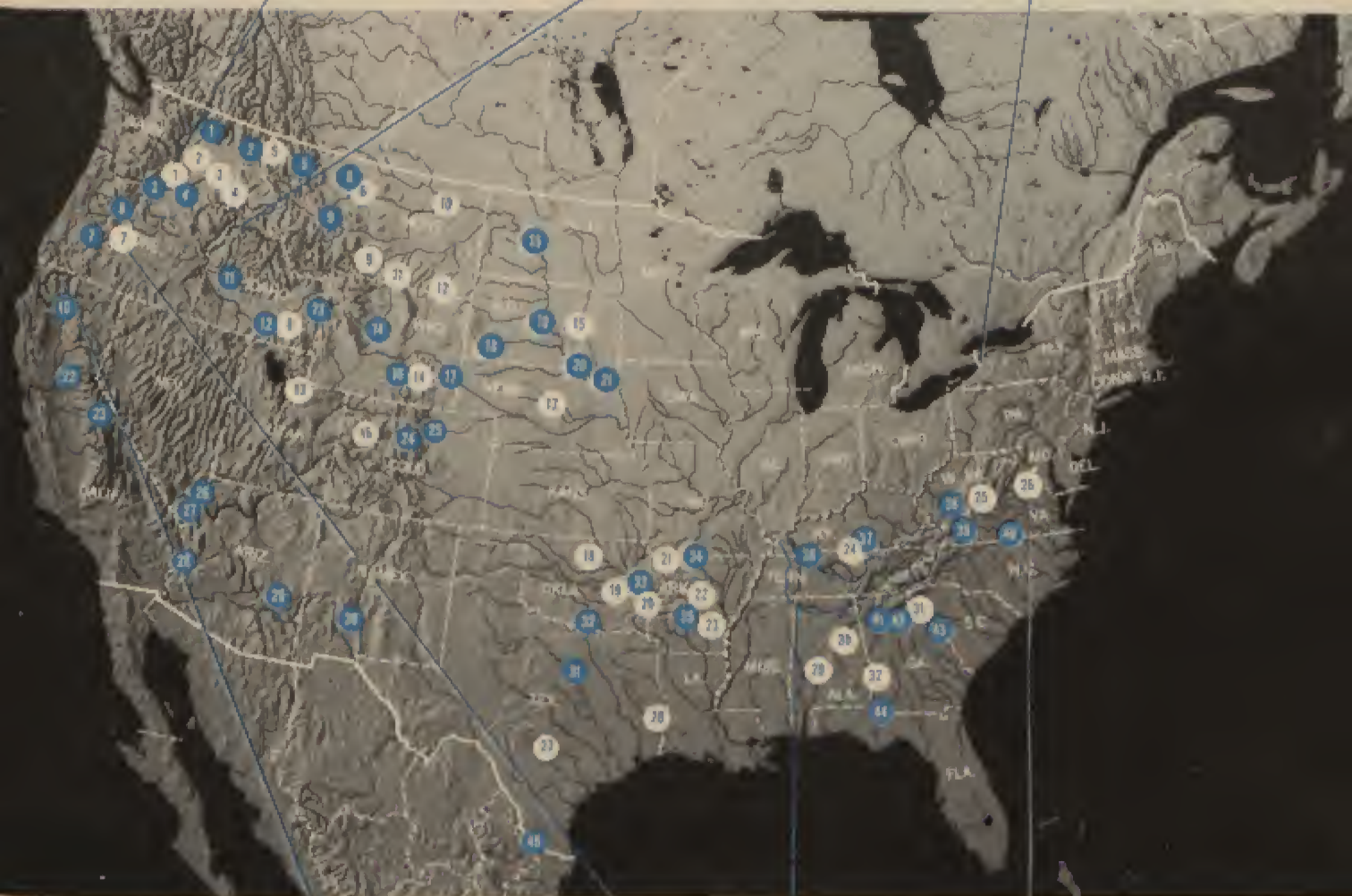
Blue lines point out those involved in current controversies

**John Day:** \$310,000,000 federal project approved. Partnership plan is offered as substitute. Budget provides funds for more study

**Hell's Canyon:** Private interests propose to build three low dams. Public power advocates want one federally built high dam

**Niagara River:** Argument is over whether U.S.; private power, or New York State shall build power plant. State seems to have edge

**Mountain Sheep—Pleasant Valley:** Combine of private companies has permits for power dams. Public power advocates promise to fight



**Trinity River:** Congress delays construction of U.S.-built multi-purpose dam. Private company offers to build power plant, pay for water

**Cougar Dam-Green Peter:** Public power people urge federal dams. Administration backs partnership

**TVA:** Authority has asked Budget Bureau permission to issue revenue bonds to finance construction. Decision either way means fight

**Salem Church:** REA cooperatives urge federal power dam on Rappahannock. Private company opposes, says it can meet all area's needs





EDWARD BURNS

**SECRETARY McKAY** explained power policy of Administration: "The primary responsibility for supplying the power needs of an area rests with the people locally. The responsibility of the Department of the Interior is to give leadership and assistance in conservation and wise utilization of natural resources"

## MORE TVA'S? continued

be applied in different ways. Sometimes, especially when the project involves only power and little or no flood control or irrigation, a local group will be permitted to undertake the entire job. Sometimes the government will build the power facilities but sell the output right at the plant to private or public local purchasers who bring in their own transmission lines. Sometimes the government will pay for the reclamation and other non-power costs of the project, while the local interests pay for the power facilities and all other costs attributable to power production. In cases where the federal government retains control of the power that's generated, the old preference clause stays in effect.

The change in policy didn't take place overnight. In the closing years of the Fair Deal, Congress showed more and more reluctance to undertake all-out federal development. The lawmakers rejected numerous requests for money for power plants and even for transmission lines. Instead they endorsed the so-

called "wheeling" arrangements under which existing private companies distributed the government-produced power.

This congressional attitude paved the way for the new policy. President Eisenhower gave, in the 1952 campaign, a preview of his power policy when he talked in general terms about the need for partnership and declared that he didn't think power development should be in the hands of "longhaired bureaucrats sitting behind desks in far-away Washington, D.C."

In his first State of the Union message early in 1953, he expanded on this thought:

"The best natural resources program," he declared then, "will not result from exclusive dependence on federal bureaucracy. It will involve a partnership of the states and local communities, private citizens and the federal government, all working together. This combined effort will advance the development of the great river valleys of our nation and the power they can generate."

In August, 1953, a directive by Secretary of the Interior McKay made this statement firm Administration policy:

"The primary responsibility for supplying the power needs of an area rests with the people locally," Mr. McKay declared. "The responsibility of the Department of the Interior is to give leadership and assistance in the conservation and wise utilization of natural resources.

"The Department does not assume it has the exclusive right or responsibility for the construction of dams or the generation, transmission and sale of electric energy in any area, basin or region. In general, it will not oppose the construction of facilities which local interests, either public or private, are willing and able to provide in accordance with licenses and other controls of the Federal Power Commission or other appropriate regulatory bodies, and which are consonant with the best development of natural resources of the area."

It is under this policy that the government now operates. And it is the way this policy is being put into operation that all the fuss is about.

Here is a rundown on some of the currently controversial projects:

**Hell's Canyon**—This is a straight private versus federal power fight. The Idaho Power Co. has proposed to build three low dams on the Snake River on the Oregon-Idaho border. Federal power advocates want one federally built high dam; claim it is the key to the compre-

hensive development of the entire Columbia River basin.

The federal dam would cost more than the three Idaho Power Co. dams—somewhere around \$350,000,000 compared with somewhat less than \$150,000,000. Federal power backers say it would produce far more power, however. The company denies this.

Under the Truman Administration, the Interior Department opposed the company proposal. Before the FPC Secretary McKay withdrew this opposition and has said he personally hopes Idaho Power wins.

The Power Commission is expected to approve the company's application eventually. Federal dam advocates hope to get a bill through Congress to authorize the high dam as a federal project. The fight may end in the courts.

**Trinity River**—President Truman's Secretary of the Interior, Oscar Chapman, as one of his final acts, authorized a multipurpose dam on the Trinity River in northern California, as part of the huge Central Valley project. It was to cost some \$220,000,000 and include four power plants with 233,000 kilowatts of capacity, to be integrated into the Central Valley power system. Congress voted money to finish planning the project, but specified that construction was not to start without a further congressional okay. Last year, Pacific Gas and Electric Co. indicated it would be interested in building the power facilities and paying the government for use of falling water from the proposed Trinity River dam.

Early this year, House Interior Committee chairman Clair Engle (D., Calif.) sponsored a bill to reauthorize the federal project, at a cost of some \$225,000,000. The company then made a concrete counteroffer: to build and operate power facilities capable of producing 340,000 kilowatts, and to pay the government \$3,500,000 a year for the falling water.

Both Republican senators from California, Knowland and Kuchel, along with California's Republican Gov. Goodwin J. Knight, have come out for the federal project. Through early May, the Administration had avoided taking a position for or against Mr. Engle's bill, saying only that if Congress should decide to consider the company's offer, the price for the falling water should be closer to \$4,000,000 a year.

**John Day**—Federal power advocates want an early start on federal  
(Continued on page 74)



# SCRAP EXPORTS WORRY MILLMEN, PLEASE DEALERS

DEALERS in iron and steel scrap press for more exports. Steelmen press for more curbs.

Scrap dealers are motivated by higher prices, which rose from about \$24 last year to nearly \$40 a ton this spring before softening under the seasonal increase in supply. Steel mill operators are worried about the rising rate of exports. They view with greater alarm the big increase in the amount of scrap that is licensed to be shipped abroad.

The increasing exports became most apparent last January, according to Wilbur L. Williams, of the Office of Export Supply, Bureau of Foreign Commerce. In January 354,992 short tons left the country; 421,965 were licensed to go. In February 336,587 tons went out, but a phenomenal 720,616 tons were licensed to be exported. March exports rose to 368,140 but licenses were cut back, after a flurry in the industry over the February figure, to 355,678 tons.

Steelmen in March told Secretary of Commerce Sinclair Weeks that, if a national emergency came and the mills were called on to produce their present capacity of 126,000,000 ingot tons indefinitely, they could not do it at the current rate of scrap export.

Steelmen do not argue that scrap is short now, except in some grades. Scrap purchases have been running about 2,500,000 long tons a month, against dealers' stocks of 3,500,000 to 4,000,000 tons. Exports now are about ten to 12 per cent of the amount bought by the mills. But millmen say that one of the country's capital assets is being dissipated. Our expanding nation uses steel—and scrap—at an ever increasing rate. In theory, they claim, we can exhaust our scrap supply sooner or later.

Scrapmen think this view ignores each year's constant replenishment of the reservoir.

"The scrap is here if they want to pay the price, and that price is not exorbitant," says Edwin C. Barringer, executive vice president of the Institute of Scrap Iron & Steel Inc., composed of 1,350 dealers. "It has only recovered from a starvation level."

"If the United States is to have its scrap in time of war," says Mr. Barringer, "it will have to keep its collection mechanism alive and working."

Steel can be manufactured from all pig iron or all scrap, or from any mixture of the two. Through the years, the proportions have been about 50 per cent pig, 25 per cent home scrap from each producer's own mill and plant, and 25 per cent purchased scrap for which the steel producer goes into the open market. Purchased scrap has four chief sources: metal-working factories, railroads, auto wreckers, and farms.

Five considerations form the nub of the fight between millmen and scrapmen:

1. Scrap exports have risen from about 30,500 tons monthly about a year and a quarter ago to more than 350,000 tons now. This is an annual rate that exceeds the record 4,048,000 tons exported in 1937 when Japan took from the U. S. all the scrap her ships could carry.

2. The scrap exodus is in response to a quickening industrial revival which began in Western Europe and



BOX VOSC—BLACK STAR

Japan seven or eight months ago and gave U. S. dealers relief from what they called a starvation price level.

3. Domestic steel mills are operating at a rate around 96 per cent of capacity, contrasting with 63 per cent last summer. Rated annual capacity now is 126,000,000 tons with a probable 1955 production of 115,000,000 tons or more in the making, according to Howard J. Mullin, United States Steel executive on loan to the Business and Defense Services Administration. The previous record was 111,609,719 tons in '53.

4. The quickest way to step up steel production under boom demand is to use more scrap. During the last few months steel mills wanted all the scrap they could get.

5. Scrap, unlike iron ore which can be mined as desired, comes from obsolescence. Theoretically the amount available at any one time is limited.

A scrap broker, according to Mr. Barringer, can do nothing to induce the consumer, the steel mill, to buy when it does not want scrap. Hence the consumer sets the price. Knowing that figure, the dealer subtracts freight cost, overhead and cost of preparation, about \$8 a ton, to arrive at his own buying price.

Because of transportation differentials, inland scrap stays inland and seacoast scrap flows overseas. Mid-continent mills, like those at Chicago, are fed by scrap which would never get to salt water.

Such fairly close cities as Jacksonville, Fla., and Atlanta, Ga., illustrate a dividing line situation. The Atlanta scrap dealer in March got \$32 a ton. If he had shipped to Jacksonville for export, he would have had to deduct \$12.17 freight. The Jacksonville dealer got \$32 from a foreign buyer on the Jacksonville wharf but would have received \$32 less \$12.17 if he had sold to the Atlanta mills. He exports even though it would be more convenient to sell car by car to a domestic plant.

The entire issue is a chronic one, never really settled. The more steel produced, the more demand for scrap will grow. If output falls off, scrapmen will press for as full a volume of exports as may be possible.

—FLETCHER FLOYD ISBELL



# You can have **BETTER CITY GOVERNMENT FREE**

By **JOSEPH NOLAN**



PHOTOS BY CHARLES E. ROTHEN-PPI

**Tough problems yield, politics fade, and everybody benefits**

THE NEW YORK City government is topped in size only by the federal government itself. Its annual budget of \$1,782,000,000 exceeds the combined totals of its four nearest rivals—Chicago, Philadelphia, Los Angeles and Detroit. It employs 180,000 full-time workers, and maintains 113 departments, agencies and bureaus, many of them with staffs and budgets comparable to those of large corporations. If the mayor devoted one-half hour a week to each of the units under him, he would have no time left for other work.

Past mayors have found their working day so crammed with administrative details that they have been hard-pressed for time to handle the matters of policy so vital in a city of 8,000,000 people. When Robert F. Wagner, Jr., was elected mayor in November, 1953, one of his first steps was to appoint an Advisory Council of outstanding citizens. His idea was to set up a non-salaried, non-political brains pool to which municipal problems calling for major policy decisions could be submitted for study and advice.

"This isn't going to be one of those things where you have a parade and then everybody forgets all about it," Mr. Wagner promised.

Nevertheless, straphangers shrugged skeptically when they read the headlines. Still fresh in their memories were the citizen committees to which Mayors William O'Dwyer and Vincent Impellitteri had given high-sounding titles—and high-handed treatment.

Now, a year and a half after the appointment of the Mayor's Advisory Council, the skepticism has disap-

peared. The Council has tackled dozens of complex municipal problems with understanding and originality. It has proved an anchor against the political pressures that swirl around City Hall. It has won the support of the press and of civic groups. And its success has brought inquiries from other cities that are considering the possibility of setting up similar bodies.

The dynamic force behind the Advisory Council is spry, 66-year-old Nathan Straus who until recently headed Nathan Straus-Duparquet, Inc., the oldest and largest hotel, restaurant and hospital equipment concern in the United States. The late President Roosevelt named him as the first administrator of the U. S. Housing Authority. Third generation of a noted family of philanthropists, Mr. Straus has been crusading for better city government almost since his graduation from Princeton.

As chairman of the Advisory Council, he serves as liaison chief between the members and the mayor. Working with him as vice chairman are Frank W. Abrams, retired board chairman of Standard Oil Company of New Jersey, and Mrs. Anna M. Rosenberg, former assistant secretary of defense.

*ADVISORY COUNCIL members include businessmen, doctors, professors, editors, civic organization heads. Photo above shows Mrs. Ralph B. Morris, Bethuel M. Webster, Paul T. O'Keefe, Mrs. Shirley C. Fisk, and Dean Ernest O. Melby*





## when citizen volunteers team up with a city hall that will listen

Altogether the Council has 130 members. But this unwieldy number never gets together. Instead the actual work is done by ten subcommittees, each a semi-autonomous unit with its own chairman and vice chairman. Each subcommittee covers a particular area of city government, and each of the 130 members is assigned to the group that deals with his specialty.

For example, the Business and Finance Subcommittee includes retail merchants like Bernard F. Gimbel; Jack I. Straus, president of R. H. Macy & Co.; financiers like David Rockefeller and Walter E. Sachs; and industrialists like Morehead Patterson of American Machine and Foundry Co., and Thomas A. Morgan, former board chairman of the Sperry Corp.

The Subcommittee on City Management and Administration is headed by David E. Lilienthal, former Chairman of the Atomic Energy Commission. On the Civil Defense Subcommittee are Thomas K. Finletter, former Secretary of the Air Force, and Gordon Dean, another former chairman of the Atomic Energy Commission. The Health and Hospitals Subcommittee numbers among its members Dr. Howard A. Rusk, Floyd B. Odum and Mrs. Albert D. Lasker, Chairman

and vice chairman of the subcommittee on Consumer Interests are Helen Hall, director of the Henry Street Settlement, and Edwin I. Marks, former chairman of the executive committee, R. H. Macy & Co. Clergymen, college professors, union leaders, editors, social workers and representatives of civic organizations have other subcommittee assignments.

Subcommittee projects originate in two ways. Sometimes Mayor Wagner asks Mr. Straus to put one of his groups to work on a particular city problem, such as juvenile delinquency or sanitation. At other times, a subcommittee suggests a specific study in its own field—the practicability of using mechanization to speed up paper work at City Hall, for instance.

Usually a subcommittee's first step is to call in city officials for a review of the entire field under study. Then if a detailed survey seems desirable it is assigned to a group within the subcommittee. The Council has at its service the research facilities of dozens of large corporations with which members are associated and, of course, the facilities of the city government itself.

When all the facts are in, the subcommittee sits down around a vast mahogany conference table at the Advisory Council's headquarters at Broadway and 51st Street and discusses recommendations. The sessions are informal and often noisy.

"They remind me a little of a shooting gallery when the fleet's in," said one member. "But we've had no casualties yet."

Ideas carom around the table, some clicking instant-

*AROUND City Hall the Council is known as the "Mayor's No-men." Mayor Robert F. Wagner (right, above) leans on judgment of leaders like (from left) Edwin I. Marks, David Rockefeller, Mrs. Edith Alexander, Mrs. Anna Rosenberg*





FORMER CHAIRMAN of the Atomic Energy Commission **David E. Lilienthal** advises on city management and administration. Field trips to get firsthand information about city's problems are a regular responsibility of Advisory Council members



ly, others finding no advocates except the original sponsor. The give-and-take of these sessions is sometimes a jolting experience for members who, in their own business, are accustomed to having the last word. At one recent meeting, a subcommittee chairman outlined a proposal for tackling a long-standing problem.

A businessman thumped his fist on the table for attention.

"I'm against this proposal," he said abruptly. "It just won't work."

"Why won't it work?" inquired the chairman.

The dissenter glared from one member to another and then at the chairman.

"Ladies and gentlemen," he said impressively, "where I come from, when I say a thing won't work, it doesn't work."

One issue that generated a good deal of heat within the Advisory Council was whether the City should create a Department of Commerce. The subcommittee was split. One faction argued that such a department could accomplish a great deal to help bring new business into the city and dissuade some companies that might be thinking about leaving. Another faction maintained that the proposed Department would simply duplicate work the New York Convention and Visitors Bureau was already doing. When a vote was taken, the pro-Department of Commerce faction won out, and the losers immediately moved to make the decision unanimous.

Usually the subcommittees send their recommendations to Mayor Wagner through Mr. Straus. The Council Chairman meets with the mayor about once a week—sometimes over lunch—and confers with him by telephone between meetings.

On an important issue, subcommittee members as a group may call on the mayor to discuss their recommendations. Around City Hall, the Advisory Council is known jocularly, but with some justification, as "the Mayor's No-Men."

Understandably, the Council has made its boldest headlines when it has said no to some proposal emanating from City Hall.

This has happened twice on finances, the No. 1 problem in New York as in many other cities. Since World War II, the cost of running New York City has increased 122 per cent. To meet the need for expanded health and hospital services, public assistance, and school, sanitation and transit facilities, the city has sharply increased its capital expenditures. Tax revenue has lagged behind. There have been perennial pleas to Albany for more state aid, and perennial complaints of discrimination against the city in money matters.

As a result, the city is always scurrying around at the last minute to find a few million here and a few million there to balance its budget (New York cannot legally operate at a deficit).

Last year budget experts figured the gap between income and spending would run about \$30,000,000. The mayor asked the Advisory Council for suggestions on how to close this gap. After careful study, the Council's Business and Finance Subcommittee came up with three proposals; continue the \$5-and-\$10 automobile use tax, make water rates self-supporting, divert some of the parking meter collections to general purposes.

Mayor Wagner, in the course of his campaign, had fired some scornful broadsides at the auto use tax and had pledged that he would repeal it promptly. The other suggestions were equally distasteful to him.

So he called a meeting of the subcommittee to talk things over. He outlined plans for extending the city's three per cent sales tax to commercial services. This



## WILL IT WORK IN YOUR TOWN?

**Nathan Straus, New York City's  
Advisory Council chairman, says:**

"I think the idea is adaptable to almost any city. Every city has high caliber men and women whose advice on city problems can be extremely useful.

"You don't need a big staff, and you don't need a lot of money (New York's budget—\$30,000 for an executive director and two stenographers), but there is one thing you do need: cooperation from City Hall."



scheme, he insisted, would be the least objectionable way of raising the required \$30,000,000.

The suggestion raised some eyebrows and some sharp questions. Subcommittee members argued that the service tax was dangerous, that it was bound to hurt business and employment, and that the city should not take such a desperate chance on its continued economic welfare.

Emerging from the meeting, the mayor wore a chastened expression.

"How did things go?" a reporter asked him.

"Well," said Mr. Wagner with characteristic good humor, "we were only one word apart. I said 'yes,' and they said 'no.'"

The idea of a service tax was dropped, and the mayor worked out an alternate plan for balancing the budget on the basis of the subcommittee's suggestions.

This year as the budget deadline neared, the city's fiscal experts figured they would need about \$18,000,000 in additional revenue. Mayor Wagner sounded out the Business and Finance Subcommittee on the prospects of imposing a city income tax on business.

Robert W. Dowling, chairman of the subcommittee and a leader in the city's real estate field, spoke up:

"A tax of this kind is bad for two reasons. First, it is a highly uncertain source of revenue because if you have a business recession of, say, 20 or 25 per cent, the city may lose 50 per cent or more of the money it had counted on from such a tax. Second, the introduction of a brand new tax on top of all we have now would have a bad psychological effect. Even if it were to start out as a small tax, businessmen would still suspect that in five or ten years it would mushroom. A lot of them would figure it would be better to play safe and move out of the city now."

The mayor was impressed.

"All right," he said, "if your subcommittee can come up with a better plan, I'll buy it."

The subcommittee concluded that it would be wiser to raise some of the taxes already on the books than to add new ones. It recommended that the gross business tax be boosted from one-fifth of one per cent to

one-quarter of one per cent, and the financial business tax from four-fifths of one per cent to a full one per cent.

"Such tax rises," the subcommittee reported, "will have little or no effect on the so-called decentralization of business from New York City."

The mayor accepted the plan.

While the Business and Finance Subcommittee has been the Advisory Council's most widely publicized unit, others have nevertheless been active in their particular fields.

► The City Management and Administration Subcommittee played a key role in the reorganization of the municipal civil service system.

► The Health and Hospitals Subcommittee suggested methods which helped the commissioner of hospitals work out a plan for reorganizing the city's hospitals and institutions that would result in immediate savings of \$5,000,000 to \$8,000,000, and still more in the long run. City officials are now working out details.

► The Law and Courts Subcommittee drafted a blueprint for a comprehensive attack on the juvenile delinquency problem. The mayor's personal staff is now following it up.

► The Education Subcommittee made an extensive survey of the problems involved in teaching the city's Puerto Rican population which has increased 97 per cent in five years. There are 50,000 Puerto Rican children in the public schools who are just learning to speak English.

► The Subcommittee on Consumer Interests drew up a blueprint for improving sanitation facilities and services. The city spends \$50,000,000 a year to clean its streets and cart away refuse (at the rate of 16,402 tons daily).

The Advisory Council's most important contributions to better city government never make the newspaper headlines. Much of its usefulness stems from the fact that it operates largely in the background. City commis-

(Continued on page 84)



# REDS TAKE DEAD AIM AT THAILAND

Communists want this key country but can't justify attack now. So they're setting up a "reason." What do the Thai think about communism? About America? Here are answers by a man who has just finished an extensive survey

By KENNETH W. MEDLEY



FRED J. WAGGON

*Public sentiment and government policy make Thailand, formerly known as Siam, the free world's foremost outpost against communism in South Asia, says James N. Mosel. Only a handful of people have communist leanings*

WHILE the world has been watching Formosa and Viet Nam, the Chinese communists have been skillfully moving into high gear with an elaborate scheme to win more ground in Southeast Asia. The plan fundamentally involves setting up a "reason" for invading Thailand.

Thailand, known for many years as Siam, is a semitropical country a little smaller than Texas. It is the key to communist control of Southeast Asia, and the food surplus which Thailand produces gives it great additional value as a prize.

What Thailand now exports would go a long way toward solving food shortages in Bamboo Curtain countries. Recently the Peiping People's Daily called for economy of food consumption and urged curbing of waste. Rice, flour, cotton cloth and cooking oil already were on ration. The food-saving campaign is nationwide.

The shortage is due partly to increasing domestic demand, both for civilians and the newly reorganized Red Chinese army of 3,500,000 men, and partly because China has been exporting food to help finance purchases of industrial machinery.

To find out the attitude of the peo-

ple of Thailand toward world affairs, James N. Mosel, associate professor of social psychology at George Washington University, Washington, D. C., was called to Thailand by the Thai government to direct a staff of 300 in the most extensive survey of this kind ever undertaken. Upon its completion, Mr. Mosel returned to George Washington University. NATION'S BUSINESS interviewed him there. Answers are his own views, based on what he observed in Thailand.

## How acute is the Red threat to Thailand?

There is no doubt that Thailand ranks high on the list of nations that Red China is ambitious to control. Thailand is strategically located in the center of a bloc of free nations that comprise a package China covets—Laos, Cambodia, Burma and the rest of Viet Nam. If Thailand fell, the other nations might be expected to yield easily. But there appears to be no immediate danger.

## Is military invasion a possibility?

The imminence of invasion is a matter of Thailand's priority on Red China's target list, and whether Red





China believes it can gain control by other means. It seems likely that, for a while at least, Red China will try subversion and infiltration and pressure tactics on Thailand's leadership before attempting warfare.

#### **Is Thailand in danger from her own communists?**

The Red threat to Thailand is external rather than internal. The possibility of a popular internal revolt seems extremely remote.

#### **Is communism weak in Thailand?**

Only a handful of the nation's 19,900,000 people have any communist leanings. Those who have are mostly among the 3,000,000 resident Chinese. Active party membership is perhaps between 5,000 and 7,000.

#### **Has the Communist Party any status in Thailand?**

In 1933, shortly after the establishment of the constitutional monarchy, the Communist Party was declared illegal. This law was temporarily repealed in 1946 to avoid the Soviet Union's veto of Thailand's request for admission to the United Nations, but in 1952 the party again was outlawed.

Since then, Red elements have gone underground and there have been some attempts to operate through front organizations such as the Central Labor Union, which is a federation of unions. These attempts, however, are hampered by the absence of powerful formal groups to infiltrate.

#### **How has Thailand managed to remain relatively free of internal communist troubles?**

Thailand doesn't offer the soil of popular discontent in which communism can take seed. The population is relatively well off and the standard of living is higher than the rest of Southeast Asia and is continuing to rise. The Thai have never experienced chronic hunger or poverty. The country has always enjoyed a surplus of food and land. Most farmers own their land and are not plagued by debt.

Also, the Buddhist religion has instilled a gentle, accepting attitude toward life, and recent history has not burdened the people with any irreparable national setbacks or widespread devastation which might cause hardship and stimulate unrest. Personal freedom has always been

highly prized by the Thai. In fact the word Thai means free.

#### **Are the people strongly against communism?**

The Thai masses have been noted for their political indifference, although there are signs that this attitude is decreasing. They are overwhelmingly opposed to communism, but it cannot be said that they hold their views with any great intensity.

Furthermore, the traditional view of the general populace is that such matters are the business of the government and have little to do with the life of the average person.

#### **Are they pro-American?**

The Thai are remarkably free of anti-Western sentiment. They are known for the ease with which they accept foreigners.

Current feelings are especially cordial toward the United States. An American does not even require a visa to enter the country. At the popular level, Americans probably enjoy greater favor than any other foreigners. At the official level, these feelings undoubtedly are strengthened by the desire to receive continued assistance and protection





BLACK STAR

*Greatest threat is from invasion. Internal revolt appears unlikely.*

## THAILAND *continued*

from the United States when Thailand's freedom is endangered by the nearness of communist forces.

### **What is the U.S. doing to promote friendship?**

Providing military, economic, technical and educational assistance. The United States is providing military equipment and training through the Joint U. S. Military Advisory Group. Economic and technical assistance was offered on a wide front, particularly in agriculture, by the Foreign Operations Administration.

Under the Fulbright and Smith-Mundt Acts there has been a continuing exchange of students, educators and professional persons. The program started in 1950 and so far 195 Thai have come to America and 70 Americans have gone to Thailand. An additional 273 Thai have received grants to attend American sponsored schools in Thailand.

A number of private American companies are now engaged in such developments as dredging, road construction and the installation of a new telephone system.

### **What is Red China doing?**

To invade Thailand, Red China

needs some pretext to justify the action in the eyes of other Asians. The excuse which has been useful for Indochina—"liberation from a Western colonial power"—does not apply to Thailand.

In 1953, therefore, the Reds announced from Peiping the formation of a "Thai Autonomous People's Government" in China's southern Yunnan Province, which is close to Thailand's northern border. This movement has all the earmarks of the much needed justification. It is a kind of "people's government in exile" and could easily be aimed at the ultimate incorporation of the people of Thailand, Laos, Burma and Yunnan—all of whom are of related ethnic stock—into a single state.

This possibility is strengthened by the fact that Pridi Panomyong, a former Prime Minister, is now in Red China and apparently is being prepared to lead the TAPG—Thai Autonomous People's Government.

### **Are any areas discontented?**

The areas most sensitive to communist influence are the northeast provinces bordering Laos. This region is the least well off economically and has shown the greatest discontent with Prime Minister Phibul and his government.

Tension in the northeast area has been increased by the presence of an estimated 50,000 Vietnamese refugees who fled their homeland during World War II and the more recent conflict with the Viet Minh. Most are located now in regions bordering the Mekhong River, with a large colony in the vicinity of Ubol.

Many of these refugees have been actively cooperating with Ho Chi Minh's forces in Indochina and are known to be under the discipline of communist leaders.

### **How far would the Thai go to avoid their country's capture by the communists?**

The government can be expected to avoid acts which might arouse open conflict or retaliation on the part of communist China. On the other hand, although Thailand is eager for American military and economic aid, it is equally eager to avoid any domination from abroad which such aid might entail.

### **How important is Thailand's food production to other free Asiatic nations?**

Together with Burma and Indochina, Thailand comprises one of the major rice surplus areas in Asia. Today Thailand is producing more rice than ever before, production having increased about 70 per cent over the prewar average. But its role

as a rice supplier has declined somewhat in the past few years. Exports in 1951 were 1,875,000 tons while last year they had dropped to 1,003,000.

For one thing, the Thai government controls the country's rice export monopoly, and since rice exports are the main source of national revenue, the present regime has attempted to keep prices high.

Furthermore, rice is now beginning to enter Southeast Asia from Australia, British Guiana, Egypt, Brazil and the United States, often well below the Thai price. Fifteen years ago less than five per cent of the world's ricelands were outside of Asia; today the figure is about eight per cent. The use of mechanized farming methods in these new rice areas can be expected to continue this trend.

### **Can the production of food be increased?**

Thailand's problem is not merely to increase rice production, but to obtain greater yields per acre and to produce at lower costs. The area now under cultivation has almost reached its limit—rice farming now covers nearly 95 per cent of the cultivated land.

Yields have been decreasing steadily for 20 years. In 1934-35 the yield was 910 pounds milled per acre; in 1946-47 it was 750. The only solution is the introduction of improved agricultural technology and mechanized farming methods.

### **Are modern farm methods used?**

Agricultural technique has remained substantially unchanged despite attempts to introduce improved methods. For one thing, there is little incentive for the average cash-crop farmer to improve the land.

In the central plain, where most of Thailand's export rice is grown, cultivation is on a shifting basis, carried out by migratory farmers who rent a parcel of land, usually for a year, sell the crop for cash and then move on.

This is one reason why yields have decreased so extensively. The introduction of mechanized methods faces formidable obstacles. Eighty per cent of the area under paddy is in small fields surrounded by low earthen dikes to maintain an equal depth of water within the area so surrounded. Such a terrain makes the use of tractors impractical.

The long-range answer is the development of larger holdings with controlled inundation.

With an eye to these and other problems, the Thai Ministry of Agriculture has commenced a program to  
(Continued on page 90)



# Chamber's new leaders

A cross section of business, large and small, is represented in the eighteen new officers and directors elected by the Chamber of Commerce of the United States.

A. Boyd Campbell, chairman of the board, Mississippi School Supply Co., Jackson, Miss., is the new president of the national organization. He succeeds Clem D. Johnston, Blue Hills, Roanoke, Va., who has become chairman of the Chamber's board of directors.

Richard L. Bowditch, chairman of the board, C.H. Sprague & Son Co., Boston, Mass., is the new chairman of the executive committee. Russell C. Harrington, resident partner, Ernst & Ernst, Providence, R.I., is the new treasurer.

The Chamber's three new vice presidents are Melvin H. Baker, chairman of the board, National Gypsum Co., Buffalo; J. H. Carmichael, president, Capital Airlines, Inc., Washington, D. C., and Henry Kearns, owner, San Gabriel Valley Motors, San Gabriel, Calif.

Elected to serve as directors for the first time:

District 2: Fred C. Heinz, vice president, H.J. Heinz Co., Pittsburgh.

District 3: Archie W. McLean, president, The Planters National Bank & Trust Co., Rocky Mount, N.C.

District 6: Robert C. Bassett, publisher, Milwaukee *Sentinel*, Milwaukee; and George M. Foster, chairman of the board, John Morrell & Co., Ottumwa, Ia.

District 10: Louis B. Lundborg, vice president, Bank of America, San Francisco.

Transportation and Communications: Walter F. Carey, president, Automobile Carriers, Inc., Flint.

Foreign Commerce: John S. Coleman, president, Burroughs Corporation, Detroit.

At Large: Pierre S. du Pont, 3rd, secretary, E.I. du Pont de Nemours & Co., Inc., Wilmington.

Domestic Distribution: George Hansen, president, Chandler & Co., Boston.



A. Boyd Campbell

Natural Resources: Peter D. Joers, vice president, Dierks Forests, Inc., Hot Springs, Ark., and Lyall Tracy, industrial relations manager, Rayonier, Inc., Hoquiam, Wash.

Construction and Civic Development: George W. West, chairman of the board, West Lumber Co., Atlanta.



Clem D. Johnston



Richard L. Bowditch



Russell C. Harrington



Melvin H. Baker



J. H. Carmichael



Henry Kearns



Walter F. Carey



John S. Coleman



George M. Foster



George Hansen



Fred C. Heinz



Peter D. Joers



Archie W. McLean



George W. West



Pierre S. du Pont, 3rd



Lyall Tracy



Robert C. Bassett



Louis B. Lundborg





# HOW'S

## AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

### AGRICULTURE

Farmers may expect more meteorological service from the U.S. Weather Bureau.

To start with, Congress is expected to approve additional funds to step up the five-day forecasts from the present two reports per week to three. Special three-day forecasts were begun last year.

In a report titled "Weather is the Nation's Business," a government advisory committee recommended that the Weather Bureau expand its observations, reports and forecasts to provide additional weather information to farmers.

Given the funds, here's how the Weather Bureau sees its objectives: to provide, 1, the latest available forecasts prior to the beginning of farm operations which take several days to complete, 2, a forecast for the farmer's specific locality, 3, more frequent longer-period forecasts covering three to six days in advance, 4, seasonal forecasts for the farmer, 5, forecasts with more meteorological details, and, 6, to cooperate with land-grant agricultural colleges to obtain more basic information as to the influence of weather on farm production.

### CONSTRUCTION

The building of homes continues at a breath-taking pace. There is some concern about overbuilding.

There is concern because, since 1950, the new homes started have exceeded the net number of household formations. Yet, in the period from 1930 to 1949, during depression and war, in only one year (1941) did home-building balance household formation. During most of these years building failed, in considerable degree, to meet the demands of household formation.

Other factors, however, offset the spread between household formation of 600,000 a year and new housing starts now at a rate of about 1,400,000 for the year.

High birth rates have caused an increasingly large number of families to seek larger living quarters. The higher level of income and living standards has encouraged undoubling of family units and made people want better quarters.

Other factors are the mass movement to the suburbs and the decline in number of farm households which suggests an additional source of urban housing demand.

### CREDIT & FINANCE

In line with other segments of the economy, banking today is stronger and more competitive than at any time in the recent past. The wave of mergers in the postwar years has raised again the question of monopoly. Actually, this trend has been caused by competition.

Antimerger legislation has not

made progress in Congress. Tighter legislation will be recommended, however; to make it easier for government to split up merged firms and permit antitrust suits against merged banks. This issue is so important the Congress will take ample time to study it in detail and probably will not act before next year.

Between 1947 and the end of 1953, there were more than 600 bank mergers, and the 1954 figure of 207 sets a postwar peak. New banks established between 1947 and 1953 totaled 532, with an additional 73 added in 1954.

For 1955, at least 350 more mergers, involving more than 700 institutions, are forecast. The net change for all banks in the 1947-1954 period showed a decline of only 347 banks.

### DISTRIBUTION

One of industry's greatest problems today is to stimulate consumption to absorb all the things that can now be manufactured. The techniques of motivation research promise to help in its solution.

Motivation research is like X-ray photography. It gives a picture of human beings which is different from that normally apparent to the senses. Using exact questions, depth interviews and hidden-purpose tests, it can provide some answers to "what makes people buy?" and "under what conditions?"

Motivation research is expected to aid marketing by applying its findings to advertising appeals, product and package design, timing of campaigns and even planning production. Some faith is now being put in motivation research studies as an economic forecasting device.

Although a valuable new tool for business, it is not a substitute for market research and a good sales department, but rather an additional aid to sound planning.

### FOREIGN TRADE

Congress will decide whether the United States should become a subscriber to the International Finance Corporation, being organized as an adjunct to the International Bank for Reconstruction and Development. With a membership restricted to the members of the World Bank, the proposed \$100,000,000 corpora-



# BUSINESS? a look ahead

tion will not compete in the field covered by the World Bank. It is to provide, in association with private investors—local and foreign—risk capital for productive private enterprises when other sources of capital are unavailable. The U. S. share would be equal to the U. S. share in the World Bank, \$35,000,000.

The corporation will not attempt to control the enterprises which it aids. The funds may not be used for purchase of capital stock and the corporation's holdings will be sold to private investors as soon as possible and after conversion into stock. Loan funds will either bear fixed interest or the obligations of the enterprise will bear interest related to earnings. It is anticipated that most of the financing for each enterprise will have to come from private funds with the corporation carrying a minor share.

## GOVERNMENT SPENDING

Programs of federal aid to the states are due for congressional scrutiny after the Commission on Intergovernmental Relations submits its report late this month. This report will cover many aspects of intergovernmental relations, but federal aid problems are expected to get the lion's share of attention.

The commission is broadly representative of many points of view, ranging from extreme centralism to extreme decentralism. It will be surprising if there is complete agreement upon all recommendations. Unless, that is, the commission's findings and recommendations are watered down. Commission leaders hope to avoid that.

Commission study groups and special consultants have finished their reports and the commission is using these materials in working up its final report.

These studies, however, do not necessarily govern what the commission will say. They are a starting point, and the commission is developing its own conclusions and recommendations.

## LABOR

Members of the AFL-CIO combination are now about to see their organizations unified. The charter developed by the Joint Unity Com-

mittee is being circulated prior to its actual adoption by the conventions of the two organizations.

The resources and power of this combination are, of course, staggering under any kind of analysis—whether in terms of members, wealth, bargaining power, or politics.

The political implications are those which more than any other threaten what may be revolutionary changes. (See page 29)

George Meany, the de facto president of the merging group, has said: "With a united organization of more than 15,000,000 members, we will be able to move ahead with the primary job of organizing the unorganized and with the unfinished task of correcting adverse legislation."

The success of labor in the 1954 elections and in the subsequent makeup of both Senate and House Labor Committees in the present Congress is a caution to those who would sell labor short in its announced drive to dominate the political scene.

## NATURAL RESOURCES

With the records now in for 1954, few industries have shown such strength in the past year as paper and pulp. Sales and earnings of many paper and pulp companies hit an all-time high. This has led to the prediction that this industry, now No. 4 in the U. S., may become No. 1. Industry expansion in the West, South and Alaska is expected to increase U. S. capacity to 30,442,000 tons by 1956.

Because of the fast growth of pulping species and the large forest holdings the industry is developing in the South, most of the increase in pulp production will take place there. New pulping processes to utilize hardwoods will increase pulp production in the East and South. Pacific Coast marketing and wood-pulp supply potentials will continue the present expansion of the industry in that region, while Alaska entered a new industrial era last year with the opening of a pulp mill at Ketchikan.

There is confidence that commercial forests of the U. S. can meet the nation's needs for wood. Research is learning how to grow more wood cellulose per acre, and more of the tree will be used.

## TAXATION

No more tax legislation this year. The Treasury is showing increasing reluctance to bring forward the many minor errors in the 1954 Code for correction at this session. Observers have concluded that the list of 70-plus items includes nothing of major import and that all or most can be handled temporarily by administration or regulation.

Experience with the democratically labeled "blooper" suggests caution rather than haste. It is also probable that future identification of additional needed revisions would require another corrective bill next year. The prospect now is for consideration as part of the Administration's tax program in 1956.

The work schedule of the Ways and Means Committee for the rest of the legislative year is already heavy. Bills for customs simplification, Philippine trade, and the Organization for Trade Cooperation will require extensive hearings and little time is left for action.

## TRANSPORTATION

Atomic transportation is here. This was the theme of John Jay Hopkins' talk on atomic energy potentials in transportation before the Forty-third Annual Meeting of the Chamber. Mr. Hopkins' company, the General Dynamics Corporation, in cooperation with the Westinghouse Electric Corporation, built the submarine *Nautilus*.

"Engineering experience with the *Nautilus*" Mr. Hopkins said, "has proven the feasibility of a nuclear plant to propel a ship; it has proven that reactors are safe and reliable to operate, and that they are capable of tremendous endurance. Nuclear power will also have a tremendous effect on the air transport of the future because it confers relative independence from fuel, giving virtually unlimited range. Even more important, nuclear energy does not require oxygen to produce power, and when unlimited range is combined with oxygen-free operation, travel in the outer atmosphere comes well within our compass."

Mr. Hopkins predicted that it is not entirely inconceivable that within our lifetime a trip from New York to London will take 30 minutes.



# 1,000 RED ARMY VETS TRAIN GI'S

By WILLIAM A. ULMAN



PHOTOS BY GUY GILLETTE—BRACKMAN ASSOCIATES

**MENACING INVADER** is only Corp. Klaus Gorki, U.S. Army, in Russian uniform and carrying Red tommy gun. With other former members of Soviet and satellite armies, he teaches American soldiers about Red arms and tactics

I RECENTLY spent a few days in an historic United States Coast Artillery fortress talking to half a dozen young Russian veterans of the Red Army; with them was a Czechoslovak Army defector and a young Polish aristocrat without communist military service.

They had much in common—a grim, in some cases, ghastly, past; a future toward which they strive with the determination of the early settlers of the United States, who had also burned their bridges. When not on a demonstration their regular U. S. Army uniforms show ranks

ranging from PFC to master sergeant, plus one brand new second lieutenant. Their Military Occupational Specialty is mostly "Linguistic Specialist—4320."

This squad of ex-Red Army men includes some of the thousand odd of whom Gen. John E. Dahlquist, commanding the Continental Army Command, said in part: "A certain number of foreign nationals have been allowed to enlist in the U. S. Army because they can provide valuable specialist talents. . . . I think this program—The Lodge Act—is extremely valuable to our Army. . . .

It is gratifying to note that these stateless citizens, most of them from countries behind the Iron Curtain, have volunteered to serve five years in our Army to qualify for U. S. citizenship. . . ."

The names by which I will refer to them are false. Their true names are known only to a handful in the United States Army. But even this does not protect them from receiving threatening letters from MVD agents. But when a man whose new identity shows him officially to be from, say Lvov, receives threats concerning relatives there, he may well



smile, knowing that the MVD is still baffled because his true home may be, say, Leningrad.

One of these men said to me: "First, of Russians, you must understand the passionate love for Mother Russia. In the beginning, they combined communism with Russianism—a new and reformed life joined with the old patriotism. That's the way it looked. Now it is just a Nazi dictatorship with overtones of oriental despotism. We are not all such stupid clods as so many Americans think. It took 50 years to revolt successfully against the old oppression; it may take another 50 years to destroy this one. But we revolt for Russia, not worldwide Soviet communism."

Then he added something that shocked me: "In Russia we all know that Americans are against communism. Because of that some of us are both hopeful and grateful. But few will leave their loves, their lives and homes to follow you because it is not enough to be against something—what are you for? What is the symbol that holds your many religions and people together? I think, perhaps, those in Europe cannot learn the answer to that because it is not clear to you. I met men in Korea who died not knowing why."

At one time the idea was to create within the U. S. Army an entire battalion of Russian, or Iron Curtain, troops from among the defectors who slip across the borders almost daily from Russian zones of Austria and Germany. Members of this battalion would speak, be uniformed, equipped, trained and live exactly as if they were still in the Red Army. They were to have become a compact, traveling Aggressor Force against which U. S. Combat Teams could try out their tactics. For many reasons the idea was found impracticable—not the least reason was that the individual skills of these defectors were too valuable to concentrate in a single field. The purpose is to prevent waste of a single talent in our determination to retain our psychological, as well as tactical, advantages over the Army of the Soviets.

Some of the Russian-trained soldiers appear to be doing straight GI jobs. But their very presence in a U. S. Army unit has great instructional value to the U. S. soldiers. These young Red Army veterans give talks—sometimes illustrated—concerning the Soviets, their army, arms, people, morale, terrain. Others demonstrate Soviet bayonet tactics, hand grenades, infiltration, camouflage and mine laying—all the thousands of details which would help our men in hand-to-hand fighting



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*Lt. Col. Gunther E. Hartel (right) and supply sergeant inspect Corp. Gorki in his Russian uniform*

with one of the world's most formidable combat armies. Many of these men—when their Americanization has passed beyond possible doubt—will undoubtedly become cadres for training units—task groups to train forces capable of operating in specific areas in case we must ever retaliate against a hostile act by the

world communists. These American soldiers will know terrain, language, people, industries, defenses—even the street car schedules of the areas where they will presumably have to operate. Much of this information will be taught them by a combination of the defectors, personally, and by the specific, technical

film work of the important little group I visited.

Lt. Col. Gunther E. Hartel, General Staff, U. S. Army, directs the activities of a highly skilled group which he personally hand picked. Colonel Hartel is dark, medium height, quietly aggressive and has heavy eyebrows shagging out over singularly calm but intelligent eyes. He was born in Germany and came to the U. S. in 1936 when he was 17. He joined the old 101st Cavalry, "Squadron B," N. Y. State National Guard. Perhaps one reason why Colonel Hartel has such a deep responsiveness to his unique squad of men is that he remembers how he, himself, was bitterly distrusted as a German in the U. S. Army between 1938 and 1945. After his graduation from Officer Candidate School in March, 1942, he was posted to Intelligence where he has been ever since.

"In Korea," he told me, "the U. S. Army Signal Corps acquired a huge pile of Russian motion pictures—films covering virtually every phase of Russian life from the *komsomol*—the young communist league—and the *kolkhoz*, or collective farm, to political propaganda films and newsreels. There were also documentaries to be used in training Chinese Red Army officers in their techniques for use on both civil and military prisoners. One of the films showed how to catalog all men for callous and utterly impersonal usage by the supreme state—and then taught the

*Colonel Hartel and four of his men examine machine gun used by Reds. Russian uniforms are well made, arms dependable*





different techniques of driving each separate category insane, as might be required."

These films added many more million feet of official Russian movies to the already large stocks previously acquired by the U. S. Army Signal Corps. The Chief of Army Field Forces established a film project under Intelligence and placed Colonel Hartel in charge. The Signal Corps, producers of countless U. S. Army films, had the physical facilities. It was up to Colonel Hartel to select his men out of more than 1,000 ex-Soviet soldiers and then provide them with inspiration. The record shows that he did both.

Out of genuine Russian films Colonel Hartel and his roving crew are recutting more than 15 highly specialized documentaries. Some may never even be publicly acknowledged—such is the secrecy that attends certain operations. Most will be distributed through the training camps; some may become available for public distribution. One or two have already reached the public.

Colonel Hartel's men, expert in the Red Army from firsthand experience, review the basic Russian films and sound tracks and recognize material of potential value in U. S. Army training and intelligence. As the reels roll by, scenes are swiftly marked with grease pencil—scenes of equipment, techniques, Soviet soldiers of various arms and in various situations, strategies, political indoctrination, scientific experiments on men's minds and many others. From each selected scene the Signal Corps Photographic Center blows up a still picture, copies of which are

cross-indexed into an immense and growing reference library.

"Today," said Colonel Hartel, "if the General Staff wanted a complete study on the life of Marshal Vasilvsky from youth to the present, we could turn it out in a couple of weeks. Or perhaps they would be interested in a review of the scientific works of Pavlov, whose important theories on conditioned reflex have been debauched into an evil beyond the understanding of rational men. ("Conditioned reflex," says a Russian film on the subject, "is a controlled experiment within the brain itself.") It has been said that politics without patriotism is as evil as a man without a soul. The Soviet communist tries to kill the soul." He suddenly grinned with a self-conscious shrug. "One is always in danger of becoming emotional over communism." Then he added: "Some illustrations of this attitude are in a film we have made."

This latter, culled from authentic Russian films, is one of the films I was shown. Colonel Hartel's men have here produced a document specifically to condition our own soldiers to war with a communist foe. This teaches: First, never become a prisoner if bodily strength and courage can prevent it; second, you must be physically and mentally conditioned to resist the monstrous and diabolical techniques which are used to break men on the wheel of the Supreme State. This U. S. film breeds "the will to resist in battle"—and later.

I saw the exact techniques the communists use—how they screen prisoners of war for their weaknesses,

*Sergeant Clyman points out some typical pin-ups found in Red army barracks. Propaganda posters and political photos predominate*



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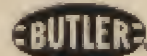
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physical or mental. The new methods are an extension of the theory that an intelligent man will rarely break under physical torture and the stupid man can withstand anything but the artfully created agonies of the body.

Colonel Hartel's condensed and revised versions teach something vital for combat soldiers to know. For instance, at the end of the Korean conflict I spoke to one released prisoner—a lad from Nebraska. He groaned in memory of his P.O.W. days, "My God," he said, "I'd have given my soul to have known what to have expected next!"

Colonel Hartel is also trying to help in that area. One of his films shows how to resist indoctrination. This is the first step to sap a man's ability to make and rely upon his own judgments.

I was curious to learn what sort of men these young Russians are. The group was selected to give as broad a geographic picture of Russia as possible—natives of the Ukraine, Moscow, Siberia, Vladivostok, Turkistan and the Don Basin. Most had escaped from Army Divisions in Austria, although a couple came over from East Germany. They were then dispatched to specially organized camps in West Germany for careful screening. Once cleared, many defectors have asked for the opportunity to enlist in the U.S. Army under the terms of the Lodge Act, Public Law No. 597, Eighty-first Congress, specifically permits stateless persons—and any Russian escapee is suddenly awfully stateless—to enlist in the U. S. Army for five years after which, if his behavior has been exemplary, he can become a U. S. citizen.

In any event Colonel Hartel's men not only live and study among Americans, they are encouraged to go to the U.N.—where for the first time they actually see the Soviet brass at work; to go by themselves and explore New York City and the countryside, freely and without supervision. One young major in the U. S. Army, a student of Russians and Russian history, has a farm just outside Washington where he has often invited Russian defectors to come and live with him and his family. They have the run of the place and all the surrounding counties. Thus they see a real American farm community and the wealth of spirit which springs from man's honest zeal to provide for his family and his community.

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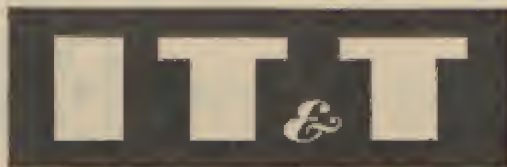
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each I asked the same question: "Will there be war?" And each replied in his way, "Oh, yes. Certainly. But you will win it. The Russians are not communists and once the front passes over them they will become your allies."

Some of these men are now engaged, or are already married—some to other stateless people, others to American girls. One is engaged to a fourth generation American of Italian descent. All are taking courses either through the YMCA, the Armed Forces schools, or colleges. Many have given lectures not only to military and general civilian audiences but also to ethnic groups from the same areas whence they, themselves, came.

At the age of 19 Lieutenant Svoboda was a motherless cadet in the Czech army aspiring to go into the Air Corps. But they gave him a party paper to sign, a paper which would make him a probationary member of the Communist Party. Like several others he declined. That did not end his military career—only its nature. He "joined" a labor battalion and mined coal as a common *kumpel*, or heavy laborer. In November, 1949, he made his break for freedom. After a time, employed as a civilian in Germany, he enlisted in the U. S. Army and came to this country.

A Korea veteran from General Dean's 24th Division, Lieutenant Svoboda went to Officer's Candidate School, again; this time he did not have to sign any party papers. He told me, "I am proud to be an American officer—it is good. It will prove to the others that here there truly is limitless opportunity." He paused. "There are two qualities of aliens in the U. S. Army. Both can do a good GI job. Some came frankly for the material advantages—food, pay and an easier life; others gave up family, profession, everything that drives a man, for the one great gamble of freedom." He stubbed out his cigarette firmly. "I know of one Bachelor of Science from the University of Prague—he is selling sardines in a PX. He is puzzled, but he is waiting to be used."

Master Sergeant Clyman is not a defector. He proudly uses his own name. He came to the U. S. from the Oblast of Odessa in 1922. A citizen since 1930, he has been a U. S. soldier since 1939 when "President Roosevelt invited me to join. Having voted for him, I could hardly refuse to join."

Sergeant Clyman is short, stocky, bald and wears glasses. He has the benignly watchful eye of a steady but unspectacular winner at poker. His English is fluent, but still some-





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what accented. He is a man of importance in this group. At 54, he is their uncle. He helps them with their studies, their worries and their depressions. "A true Russian can get so depressed!" he says. He constantly is explaining the seeming whimsicalities and vagaries of American life to them and almost as frequently is explaining to our own Yank GI's that not all men from all lands can get wildly enthusiastic about baseball.

"This job is most interesting," he says. "But tough. Keeping the men on the right track as they adjust to the U. S. is not easy. There is a saying that where you have five Russians, you have five groups. Hitler's mistake was in not recognizing this. He fought all Russians, not just the communists. He could have divided up the Russians; my Ukrainians, for example, looked upon the Wehrmacht as liberators until they got shot for their pains. Then they became Ukrainian partisans, not communist partisans. All Slavs like to be partisans. It is built in. And a Slavic partisan army is an army, not just a bunch of guerrillas. They fight like the Americans fought the British regulars—mostly invisible, but still they are an army, with army discipline.

"As Americans, our biggest ally on Russian soil would be our conduct—we don't need to eat off their land, take their goods and animals and women." He paused reflectively. "But never put a communist in charge of anything. You can't trust them." Then he added, "Don't forget that every communist will fight you with everything he's got. He's no Russian—he's a disease. But we must remember that more than 70 per cent of the Red Army is either communist or candidates for the party."

Like all the others, I asked Sergeant Clyman where we should press hardest on our retaliation if the Soviets are foolish enough to start a third world war. This subject is the greatest single bull-session topic among the men. They disagree according to their military service and background, but in general all say that the program should be aerial harassment of Asiatic Russia and China, a strong holding action in Europe coupled with heavy air attacks on the Moscow-Don Basin area, but with a real land invasion coming up from the south, based across Turkey and Iran. Their concept is that of a wedge going up the Caspian, by sea, over the eastward land between the Caspian and the small Aral Sea and on as far east as is supportable by the base. The

(Continued on page 85)



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**LOWER LABOR COSTS.** U.S. median weekly wage of mfg. employees under unemployment compensation is 7% higher than in Ind. And Mich.-Ill.-Ohio avg. is 8% higher than in Ind. Families earning \$2000-\$6000 are 10% more prevalent in Ind. than nationally;

under \$2000 and over \$6000, 16% and 10% less prevalent. Families earning over \$6000 are 28% less prevalent in Ind. than in Mich.-Ill.-Ohio.

**EXCELLENT TRANSPORTATION**—23 railroads (3% of total U.S. rail miles in 1.2% of U.S. area—142% more than our sq.-mi. "quota"); 9 airlines; 200 airports; 300 motor freight lines; shipping to Miss. River by Ohio River and Chicago Canal; Lake Mich., etc. Literally "The Crossroads of the Nation!"

**258 TOWNS AND CITIES OVER 1000**—5 over 100,000 . . . 14 25,000-100,000 . . . 22 10,000-25,000 . . . 217 1,000-10,000.

**LOWER-COST GOVERNMENT,** state and local, than in neighbor states.

**NATION'S FINEST HIGHWAYS.** More miles, more permanent pavement, than any other state per driver and per sq. mi. (twice as many as neighbor states)—and all paid for!

**SUPERB SCHOOLS** (first state in U.S. to provide constitutionally for public education); fine teacher salary, tenure, retirement policies; 29 colleges, universities.

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**INDIANA** now has 10,500 industries (up 31% from '48 to '53, up 29% from '39 to '47) • Leads neighbor states in new-plant value per cap.—by 127%, 110%, 38%, 12%, 8%. • Is growing 59% faster than U.S. (now 4,300,000—60% urban, 40% rural). • Adds 3 times more dollar value to goods by mfg. than in '39 (states ranking 1st and 2nd in total value added by mfg. are outranked per cap. by Ind. by 38% and 26%!). • Outranks 46 states in % of employees in durable goods mfg.—81% over U.S. avg. • Tops U.S. ratios by 193% in % of population engaged in motor vehicle equipment manufacture; by 152% in primary metal industries; by 87% in non-electrical machinery; by 34% in fabricated metal industries; by 29% in electrical machinery and equipment. • Has world's largest steel plant, oil refinery & cement plant. • Ranks 1st in U.S. in refrigerators, 'phones, gasoline pumps, mobile homes, musical instruments, bldg. limestone (¼ of U.S. total) . . . 3rd in steel, motor vehicles & parts . . . 5th in rubber . . . strong in chemical processing, rail cars & equipment, machine shop & foundry, drugs, clothing, glass, fibreglass, wood veneers, furniture, meat packing, canning, farm machinery, electronics, plastics, jet engines, etc.—enough DIVERSITY to meet MOST component needs HERE!

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# \$2,000,000,000 BIRD



1930 **121** eggs



1955 **184** eggs



1960 **242** eggs

Multibillion dollar chicken and egg business expects 1960's hen to lay twice as many eggs as the 1930 model. Today's hen has boosted output 50 per cent

By **GERALD MOVIUS**

YOU MAY have heard a loud crow from the national chicken coop not long ago when the U. S. Department of Agriculture announced that the average American laying hen is producing at the rate of 184 eggs a year as compared to 121 eggs in 1930. Ten years hence, the average layer may do the work of two 1930 models.

This is good news for the egg producer. A high-producing hen takes up no more room at the feed hopper than a low producer. It is also good news for the consumer. It means the breakfast egg should remain within pocketbook range despite our soaring population.

One reason for the 50 per cent hike in productivity in the past quarter century is better management of laying flocks—better rations, better housing, more attention to diseases.

The other reason is the better hen—a hen with a talent for laying that is bred into her bones. As her kind increases it is gradually replacing the less enthusiastic birds throughout the nation. On some commercial egg farms today a pullet must produce at the rate of 225 eggs a year, or it's off with her head.

By contrast to the widely publicized chicken of tomorrow and other

bustier types of bird developed for the broiling rack and roaster, this better-laying hen is virtually unknown to her public. And that's a situation out of kilter with the economic facts of the chicken business:

The egg comes first, accounting for more than 60 per cent of the industry's gross income.

Equally unknown are the men and women behind the better hen—the poultry breeders who specialize in the development of high-laying strains within the standard breeds and varieties.

As distinguished from the poultry keepers who supply the infertile breakfast egg, the breeders' stock-in-trade are fertile eggs for the commercial hatcheries, day-old chicks and adolescent pullets for commercial egg farms and general purpose farms, and foundation breeding stock for poultry keepers who wish to develop their own strains. "Miss Average Laying Hen of 1955" is the current end-product of their trade.

It's an exclusive profession with a roll call in the low thousands, and its practitioners are case studies in contrasts. Their bent for genetics is balanced by a zest for competition. Some of them have strings of de-

grees in poultry husbandry and poultry breeding. Others never went to high school. They combine an infinite patience with a hearty belief in vigorous advertising, and they are free enterprisers right down to the last pinfeather on their youngest pullet.

The average breeder is a dreamer, artist, scientist, accountant, merchandiser and showman in one package, and above all he has a feel for chickens that compares to the green thumb of the better horticulturists.

In microcosm, the breeders' story is the story of a Single Comb White Leghorn hen named Queen Bess, address, Denison, Texas, the property of Mr. and Mrs. J. Kenneth Williams of the Williams Poultry Breeding Farm.

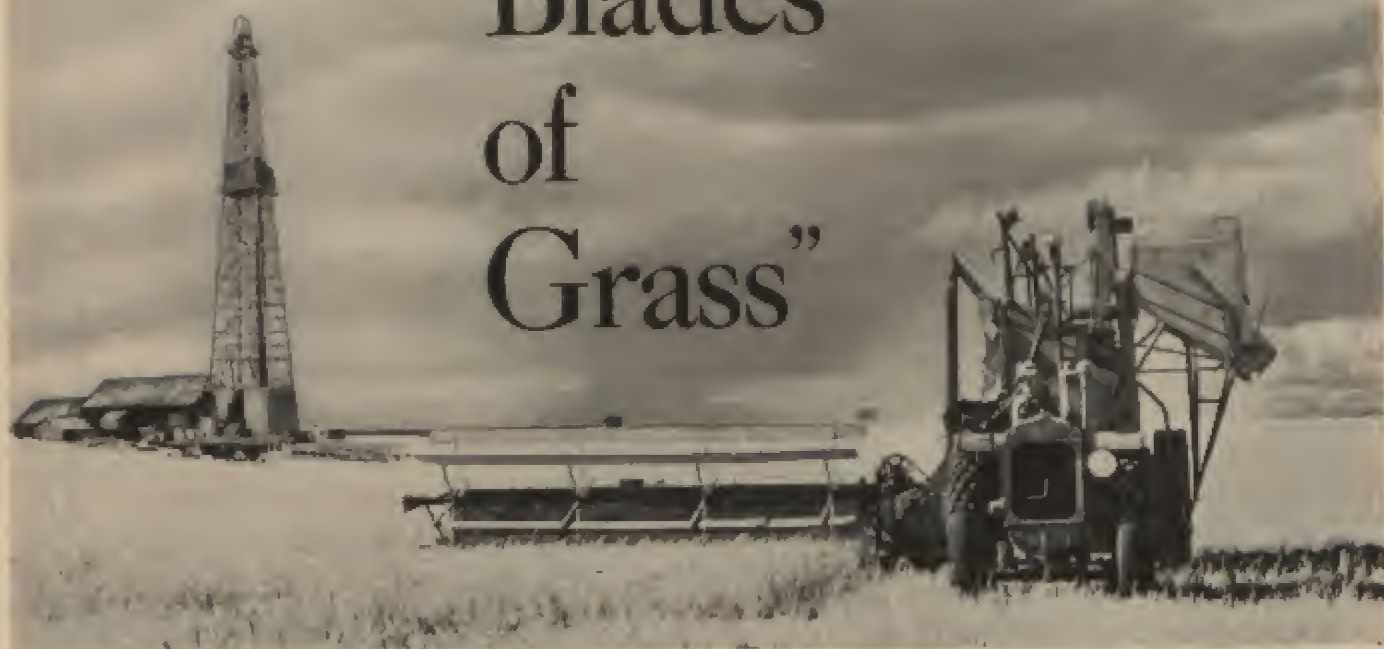
As Hen of the Year for 1954-1955 by acclaim of the Northeastern Poultry Producers Council, and High Hen of the 1954 National Egg Laying Contests, Queen Bess holds the two top honors that can accrue to any working chicken. Her biography illustrates the general working pattern of the poultry breeding business.

The story begins when Queen Bess emerged from the egg on Feb. 24, 1953. She was damp, bedraggled and notably unlovely. But destiny had already wing-banded her for a chance to rank among the immortals of the feathered kingdom.

There was no frying pan in her horoscope. She came of most distinguished ancestry, and the basis of the breeding art is the scientific fact that egg production talent is inher-



# "Two Blades of Grass"



**T**WO CENTURIES ago Voltaire said, "He who makes two blades of grass grow in place of one renders a service to the State." The job of Standard Oil Company (New Jersey) and its affiliates is something like that — to produce oil where none was produced before and, by so doing, to create wealth for everybody.

How well have we been doing this job? Our Annual Report for 1954, which has just been sent to the 300,000 shareholders who own Jersey Standard, tells about it.

It tells how wealth was created by extending known oil fields . . . And by discovery of new ones . . . By converting crude oil, itself of little value, into hundreds of useful products . . . By moving petroleum products from where they were made to where they were needed.

All these things helped the people and strengthened the nations where we do business.

Some highlights of these activities, drawn from the Annual Report, are set forth here as a matter of public information.

1. During 1954, the free world used more oil than ever before. And oil is energy, which is basic to the world's progress.

2. To meet these needs, our affiliates produced and refined more oil than ever before in the Company's history. But additions to oil reserves were greater than the oil used.

3. We had vigorous competition everywhere. There is nothing like competition to bring you better products and service.

4. 1954 was our top year in sales, earnings, and dividends paid to owners.

5. During the year, we spent 764 million dollars for new equipment and for exploration. Since World War II, we have spent 5 billion dollars for the means to meet your future oil needs.

6. Research was productive. Our research affiliate obtained more patents on products and processes than any other oil company. In Linden, N. J., the first atomic laboratory in the oil industry is being built to study the uses of radiation in oil refining.

7. Current developments in atomic energy will mean greater availability of electric power: increased mechanization, expanded industry, and greater use of petroleum products. The oil business will gain, and you will have the benefits of both kinds of energy.

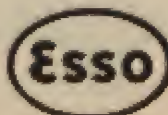
8. We played an important part in arranging to return Iran's oil to world markets.

9. A world's safety record for major refineries was set by Esso employees at Baton Rouge, La., . . . 7,911,769 man-hours with no disabling injury. This passed the previous record by more than a million man-hours.

10. We have long supported education through our taxes. We have also felt an obligation to aid privately supported colleges and universities, which are an important source of new employees and of informed citizens. During 1954, we contributed about a million dollars to such institutions.

*If you wish a copy of the full Report for 1954, write to Standard Oil Company (New Jersey), Room 1626, 30 Rockefeller Plaza, New York 20, N.Y.*

STANDARD OIL COMPANY (NEW JERSEY)  
AND AFFILIATED COMPANIES







## ◀ HEN OF THE YEAR LAID 337 EGGS

ited. Her mother was Lady Iva who had laid 336 eggs in her pullet year. Her sire was Lord Nelson whose mother, both grandmothers and three of four great grandmothers were all birds of the 300-egg class, and on both sides of the family she was kin to Queen Anne, a Williams bird who was Hen of the Year for 1952-1953.

There was never the slightest doubt as to the small Bess' identity, although the Williams incubators hold 104,000 eggs at a setting. Royalty and racing stables are no more finicky record keepers than are poultry breeders, and the breeding pen and trap nest system removes all chance of confusion.

Lord Nelson and his harem of 22 wives had lived in a numbered pen, shut off from all other matings among the 4,000 pedigreed leghorns on the farm. When Lady Iva entered a nest with intent to lay an egg, she tripped a control, and a small gate closed quietly behind her. In the nest she was trapped until released by an attendant who marked her egg as carefully as though he were foot-printing a baby. The pen number,

indicating the sire, and Lady Iva's personal number which she wore on an anklet, were recorded on the shell before the egg was removed from the coop.

Six of Lady Iva's eggs were set on Feb. 3, cuddled together in one of numerous baskets in the incubator, each basket holding the marked eggs of one hen. Thus when Queen Bess dried off, fluffed out and began to take an interest in life, she found herself in company with two sisters and three brothers, all of which, to the unbriefed eye, looked precisely like the pale yellow chicks that decorate store windows in the Easter season. But there was an important difference. Unpedigreed chicks can be had for a nickel to a quarter. Lady Iva's daughters were worth \$2 each and her sons \$1.25 each at the moment they were hatched.

All that these blue-blooded balls of fluff had in common with run-of-the-hatchery chicks was a lack of appetite. The baby chick is the only bird in the world that carries its own lunch, and Queen Bess had enough food in storage to tide her over for two days, which is why American

▶ **Queen Bess** lays no breakfast eggs. They're all marked carefully and then hatched for breeding



▶ **Newly hatched chicks** are tagged and entered in the records by Mr. and Mrs. J. Kenneth Williams

PHOTOS ED HILEY—BLACK STAR



▶ **Downy chick** with illustrious ancestry is hope of breeders for more and bigger eggs for market





breeders can air express their chicks to buyers all around the world.

Bess was selected to remain at Denison as one of 3,000 pullets scheduled one day to replace the older hens in the breeding pens. The first human hands she ever saw placed a numbered band on her wing as part of the bookkeeping system that will monitor her life as long as she lives, and then she was enrolled in the nursery school for baby chicks that is the brooder house.

The future queen of the national chicken coop got no special favors. She scrambled for room at the feed hoppers. She fought beak-to-beak arguments with her classmates, and presently she began to trade her golden down for a frock of white feathers.

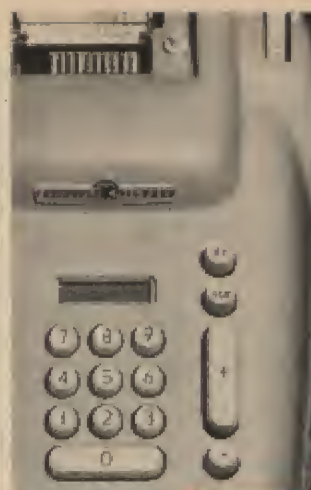
Along with the rest of her group, she suffered the painful indignity of vaccination for Newcastle disease and fowl pox, and she was graduated to the open pullet range and a care-free summer of chasing butterflies and sunbeams. By human standards, Bess was in her 'teens at two months of age, and her comb was beginning to grow into the flashy, scarlet bonnet that she wears today.

But girlhood is short for pullets on a breeding farm. By late August, Bess was back in the toils of the bookkeeping system, an initiate of the trap nest system—and just in time. For at six months and 17 days of age, she dropped her first egg, and Ken Williams began to think of her as a prospect for the National Egg Laying Contests in which his chickens have competed with success for nine years.

Mr. Williams' feel for chickens is combined with a master's degree in poultry breeding from Iowa State and almost ten years' experience as assistant professor of poultry husbandry at Idaho University. He took note of Bess' vigor; the bright, prominent eyes; the stout beak on a broad head, and the rich yellow of her shanks. By all possible preliminary tests, the pullet measured up as a superior laying chicken.

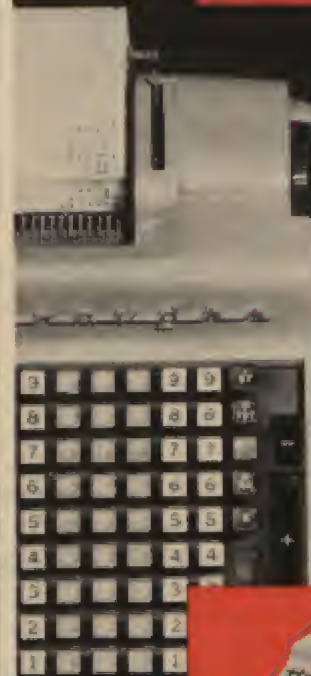
Mr. Williams shipped Bess and 12 other pullets to the Oklahoma A. & M. division of the National Egg Laying Contests which are a cooperative venture of State Colleges of Agriculture, the breeders and leading magazines devoted to the poultry industry. All birds are entered by pens of 13 pullets each.

To poultry people, a Hollywood Oscar is a meaningless bauble compared to a trophy from the National Contests. The hurrah over Miss America is kid stuff, and the World Series? What's that? A winning breeder shouts his victory from his



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advertisements for months and sometimes years. It is, after all, serious business, because the egg is a multibillion dollar (\$2,500,000,000) industry.

For 50 straight weeks, ticked off to the second, Bess lived as a bachelor girl careerist under the impartial eye of college officials who are the referees and scorekeepers. No entry has an edge as to diet or attention. The scoring is identical at all divisions of the contests in which 11 state colleges participated in 1954, and the poultry press makes up the national final tallies.

While the glamor attaches to the High Hen, the breeders, for business reasons, are more interested in matching pen against pen and breed against breed, and there are numerous pen awards and breed awards, nationally and divisionally. Two of the most coveted trophies are offered by the *Poultry Tribune* of Mount Morris, Ill., and reflect the ambition of every breeder to achieve a high average production for his strain.

Entries from the Darby Leghorn Farm of Somerville, N. J., took both *Tribune* prizes for high average production in 1954. One Darby entry of six pens—78 birds in all—produced an average of 267.27 eggs per bird, while one of its pullets finished second only to Bess for High Hen.

Over the years, Single Comb White Leghorns, Rhode Island Reds, New Hampshires, Barred and White Plymouth Rocks have tended to dominate the contests, but Rock-Reds Crossbreds are surging to the front, and such birds as the White Wyandotte, the Australorp, the Brown Leghorn and the Black Minorca consistently make respectable showings.

The contests knock to smithereens a popular idea that the White Leghorn is just naturally the best laying chicken. A Barred Plymouth Rock was High Hen of the 1952 contests, and at the end of the fifth month in the current, 1955, contests a pen of Rock-Red Crossbreds entered by J. J. Warren of North Brookfield, Mass., was leading the field. Breeders have worked more intensively with Leghorns than any other breed in large part because of the fatish in some metropolitan markets for the

white egg which has the same difference from a brown egg that a blond has from a brunet and no other.

Theoretically, breeders could develop a high-laying strain with any breed or variety of chicken, and the average production per bird in the 1954 contests, counting in all breeds, was 224.82 eggs and 233.83 points, points being determined by the weight of the eggs. This topped all previous records. Ten years ago, the birds averaged 201.25 eggs and 207.89 points.

Breeders complain that the daily press seldom reports the fact that a hen's score is determined by weighing the eggs rather than by the number laid. Thus, they say, the housewife doesn't know what they are trying to do for her.

The breeders aim at strains that will produce a greater number of the extra large eggs that now command a premium price at the shopping center.

Most of Queen Bess' output was in that grade. She laid 337 eggs in 350 days for a total score of 368.15 points, and when she was whisked off to Harrisburg, Pa., for the annual show of the Northeastern Poultry Producers Council, she had a leg up on all other entries for Hen of the Year. But she was no cinch.

The High Hen is not automatically the Hen of the Year. While her production points counted heavily,



"—And to think how I used to grumble when Mr. Potterby gave me a measly letter to type a few minutes before quitting time"



Bess still had to be judged on the basis of "conformity to standard breed qualities." For beauty, as it were, as well as for brains. She had to be weighed, to have her feathers examined, her stance appraised and the points on her comb thumbed over by the experts.

At Denison, the Williams family haunted the radio for news as the show progressed. Word finally came that Bess was living in the Golden Cage reserved for the Hen of the Year. "We were exhausted," says Mrs. Williams. Both Mr. and Mrs. Williams are originally city folks who live in the country because they like it, but she does not recommend poultry breeding to those inclined toward ulcers.

The feathered center of attraction, however, was untuckered and unperturbed by the glare of flash bulbs or the admiring thousands who shuffled by her glittering quarters. She gave them all a beady stare—and laid an egg. Possibly she enjoyed the fuss, because Bess is a sociable chicken and not easily flustered, which is another mark of the distinguished producing bird.

Today, at home in Denison with her quest for fame behind her, Queen Bess is one of the wives of Captain Decatur, a vigorous, older cock who already has daughters who have produced more than 300 eggs in their pullet year. Only the top birds on the Williams farm are named, and the hens run to queens and the cocks to naval officers.

Captain Decatur is the first male bird Bess had seen since her days in the brooder house as a baby chick. Males are mixed with females only when fertile eggs that will hatch into chicks are desired, and urban visitors to poultry farms—in these citified days—are frequently astonished to discover that hens not only lay eggs without the attention of a male but usually lay better without his distracting presence.

Queen Bess' first daughters are already romping on the pullet range. One of them may be Hen of the Year for 1956-1957. The National Egg Laying Contests for 1955 are in their final stages. A new High Hen will be crowned on Sept. 15, and the Hen of the Year for 1955-1956 a few days later. The search for the ever-better hen goes on.

Henceforth, and as long as she lives, every egg Bess lays will go to the incubator, because her destiny is to produce daughters that will outdo her in production and sons that will transmit the family talent to her granddaughters. As there was no frying pan in her horoscope as a baby chick, there is no stew pot in her future as an old hen. **END**



## ***movement*** **ESSENTIAL TO INDUSTRY**

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For complete and confidential information about available sites, see your nearest U.P. representative or contact Mr. W. H. Hulsizer, General Manager of Properties, Dept. 376, Union Pacific Railroad, Omaha 2, Nebraska.

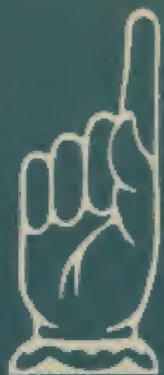


Map at left shows  
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# **UNION PACIFIC RAILROAD**



# THERE'S MORE ROOM AT THE TOP THAN EVER



Competent executive talent is one of this country's scarcest commodities.

The growth of American business has been so rapid, and the problems of management have become so complex, that

finding young men with executive potential, and developing them into mature and able leaders has become of major concern.

Partial solution of this problem lies in knowing: What makes an executive?

How do you find him? How do you train him? Here are some of the answers

## What makes

SEVENTEEN leaders in business and public affairs agree that a man must possess at least five qualities if he hopes to become an executive:

*He must have strong, continuing drive or ambition.*

*He must have physical and emotional stamina.*

*He must be willing to make personal sacrifices.*

*He must be willing to take risks—to move from one place to another or to switch jobs in mid-career.*

*He should have a college education, although even without one he may be able to make the long pull to the top.*

These qualities were isolated in the course of a Round Table on Executive Potential and Performance conducted by the Columbia University Graduate School of Business on a grant from the McKinsey Foundation for Management Research. Names of the participants may be found on page 67.

Those who participated in the eight sessions did so in the hope that, by drawing on their own experience as executives in business, government, military service, education, religion and medicine, they might add useful ideas to the already impressive pool of knowledge on management and human resources which Columbia's Business School has amassed under the leadership of Dean Courtney C. Brown.

The basic question which the Round Table sought to answer was "What Makes an Executive?" In the course of discussion, many subsidiary points were covered—origins of executive potential; value of college education; how to identify potential executives; methods for evaluating executive performance.

The participants and their chairman, Dr. Eli Ginzberg, of the Columbia faculty, sensed as the discussion unfolded that they were venturing onto unmapped ground. While other business problems have been subjects of careful research, the selection and development of executives often has been left to instinct, hunch or prejudice.

Dr. Ginzberg emphasizes that the Round Table's work has been suspended and not terminated. In meetings this fall the group will explore five new areas of inquiry including an intensive examination of the careers of individual business leaders to determine what patterns, if any, exist in the development of, say, a General Electric board chairman and a Standard Oil president—and what these patterns mean.

In the following pages, NATION'S BUSINESS presents a summary of the major subjects discussed. The Round Table members agree that their work produced only tentative answers, but important conclusions or areas of agreement did emerge which may serve as guides to those responsible for identifying and training executive talent.

Where a quotation is used without attribution, the identity of the person quoted was not noted in Columbia's stenographic transcript of the Round Table discussions.

### Executive requirements

Physical stamina is essential to a potential executive. Lacking this, Round Table members agreed, a



# an executive?

person would be unable to maintain the grueling pace of executive leadership. They agreed, too, that emotional stamina—the ability to surmount the obstacles which accompany leadership—is essential to a person seeking an executive position.

The members agreed that the potential executive must have ambition, although this ambition may be complex or simple, embracing one or several goals. They conceded that not all people who possess ambition may want to be executives, and that the definition of success varies from person to person.

All insisted that a person who wishes to attain distinction today must be willing to make personal sacrifices—time with family, personal popularity, hobbies. The question whether Americans have become, in the past decade, frightened of risk-taking and conditioned to security, was not resolved. It was agreed, however, that individuals differ in their willingness to gamble on opportunities rather than seek security, and that these differences are important in executive performance.

Here are some views expressed in the course of this phase of the discussion:

"Plenty of men are willing to be good department heads and nothing more. They seem to know that, to go to the top, they must make sacrifices and they aren't willing to."

"We haven't been very gallant. We spoke about wives who hold their husbands back. But wisely ambitious wives have been a big help. They have been a strong factor in many a man's success."

"I ask why so many people assume that young men today want security. I think security is the last thing a person should desire. From a biological viewpoint, life in the full sense of the word is based upon the ability to adapt to many different types of environment. In terms of human qualities, security results in atrophy of the human spirit. Only in change, which is the antithesis of security, is there opportunity for spiritual and intellectual growth."

"Nearly everyone is willing to take a chance, to be daring. Each man seems eager not to get into an or-

DRAWINGS BY CHARLES DUNN



Wisely ambitious wives have been big factors in many men's success

A pat answer is hard to come by. But the experts agree on this much: The boss must have stamina, drive, dedication to his job

By PAUL HENCKE

ganization where there is little opportunity to progress. I think youth is daring if given a chance."

"One must remember that, when young people seem to be risk-takers, it may really be because they are quickly dissatisfied with the jobs they are in. It is difficult to tell the difference between willingness to take risks and restlessness."

## The value of college education

The college degree is a logical preliminary screening device but, the Round Table warned, too much reliance on this approach may impede the discovery of many individuals of high potential.

Here are some comments:

**JAMES S. SCHOFF:** (A Round Table member had asked whether retailing was much concerned with whether a man had a college degree.) "Yes, we bother, although I don't know whether we know what we are doing. But we have thrown out certain symbols of education as being useless. This applies to certain high-class schools of business. We have concluded that exposure to a liberal arts influence is the best possible preparation for meeting the future specialized demands in business. In my opinion, too much value is placed on the symbols of a formal education."

**ROGER HULL:** "We are looking not so much for technological skills as for skills in human relations. Therefore, we have paid most attention to men with liberal arts backgrounds. I want to add that I think there are important educational experiences aside from academic competence. Extracurricular activities, for example, show breadth of interests. This is easier to spot in the case of people who have gone to college. We do not look for the campus big shots, but for those who have tried to support themselves or do something similar while they went through college. We are not necessarily interested in men who win popularity contests. We are looking for those activities which indicate that a man has real drive."

**MOORHEAD WRIGHT:** "We used to hire engineers and accountants on a systematic basis, but nobody else with degrees. Now we are hiring market analysis specialists and employee relations experts, although we put them through our regular training program. We refuse to hire them unless they have advanced degrees. I think this is probably a wrong emphasis but I am sure that it will shake itself down in time. In my opinion, the trend in management development work has been to put too much emphasis on the training a man has had. Eventually, I hope, we will even take on people without high school diplomas."

**FRANK PACE, JR.:** "I would say that, as executives pay more attention to the evaluation of personnel, the opportunities for noncollege people will increase, because a college degree is a formal rather than a personal method of evaluation. As I see it, top executives are increasingly concerned with putting the



right men in the right places, irrespective of their backgrounds."

## Identifying potential executives

Testing, rating, volunteering and prediction are desirable instruments to distinguish early between individual degrees of potential leadership, but few such instruments exist now, the Round Table found. Members also questioned whether any reliable evidence short of actual trial in the working world would reveal significant difference between individuals. There was agreement, however, that when a man has reached his late 20's or early 30's some differentiation can be made.

Discussion of the usefulness and limitations of tests was heated. The tentative conclusion was that, although tests are in many ways limited because of inadequate knowledge of what we are testing for, test procedures do contribute to a systematic and objective promotion system.

Similarly, in the case of rating systems, no one denied that superiors are likely to rate men working for them with some degree of bias whenever a high evaluation of subordinates constitutes a threat to themselves. On the other hand, a considerable movement toward group judgment has developed and the Round Table felt that multiple raters produce more objective ratings.

Members agreed that, although opportunities to

poses. We should be careful about rejecting a person on the basis of a test. It may be that he simply lacks the specific background required to score high. On the other hand, a high score on the test may indicate good potential."

**FRANK PACE, JR.:** "A great number of cases came to my attention [while Secretary of the Army] where officers thought they had been treated unfairly in being evaluated and in 90 per cent of the cases I agreed with them."

"You have to get away from a situation where a fellow is worrying about whether he will be promoted or not. Make him feel that one of his jobs is to provide for his replacement. Then he will feel challenged to see how good a job he can do in finding a replacement."

"So many people think selling themselves means thinking along the same lines as their superiors. It is important to get across to an organization that the boss knows what he thinks; what he wants to know is what the other man thinks."

## Developing future executives

Companies using courses in advanced management should be careful in selecting the men who attend and in handling these men upon their return. The danger in singling out a group of men, the Round Table members agreed, is that this may give the impression that those not chosen have a less promising future.

The members agreed that responsibility of selecting personnel for advanced training should rest with the company without reliance upon volunteers.

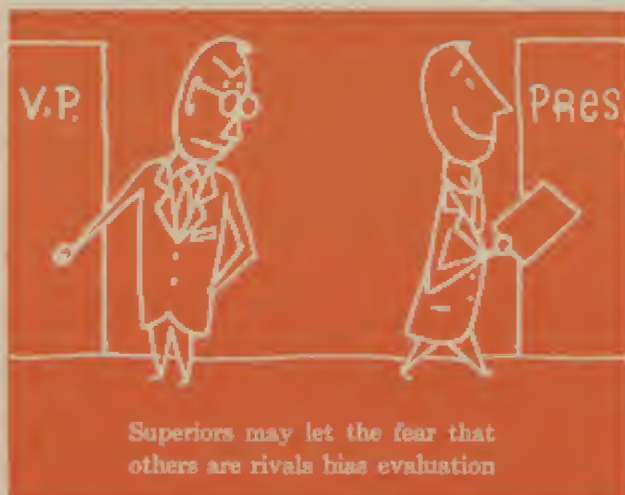
Some felt that executive development programs place too much emphasis on promotion and not enough on doing one's present work better. Since men frequently have to remain in the same post a long time, they will become restless if they pay too much attention to promotion. It was pointed out that, although formal courses may be useful, probably the single most important contribution to the training of a future executive is made by his boss, particularly his first boss.

It also was agreed that no executive development system can work successfully unless the company establishes a fixed retirement age. Without this, top jobs will not open up often enough to permit the system to work. The members emphasized that, if individuals are given important responsibilities and permitted to operate with little interference, most will develop their full potential. But, if the company is centralized and specialized, it is improbable that any formal teaching system or other device can overcome the deficiencies narrow assignments impose.

Among the views expressed were these:

"I think there is a danger in selection (for training courses) but if you are put on guard you can do something about it. You can send men to these courses who are moving from one department to another or from one region to another. Our biggest fear is that the man may begin to look upon himself as a fair-haired boy. We also have to be sure that others feel their chance is still to come. If you send four a year, you will have 20 such men in five years. If you have 80 other good men coming along, you don't want them to feel that the 20 who were sent have a pronounced edge on them."

"I would say that we should not think about executive development until a man is 45 or 50. The best development program is for a man to be a foreman or a squad leader. I do not think any development program is as good as actually being a boss and knowing what the problems are. For the first 15 years of a man's



volunteer for advancement still exist, selection by superiors rather than self-selection now predominates.

Comments included:

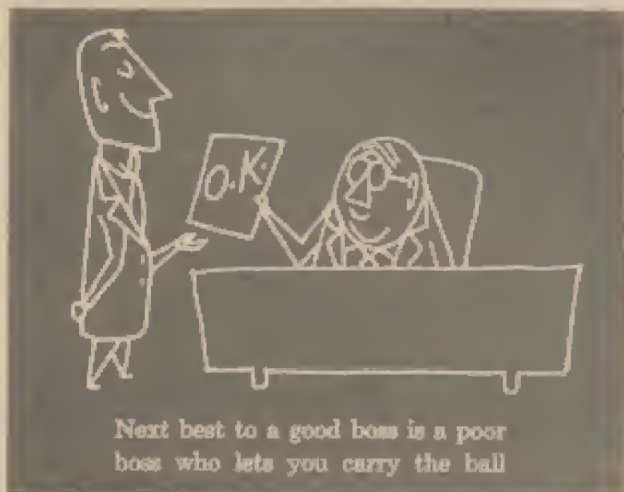
"We can recognize a boy who is going to lead at the fifth-grade level. Other boys will hang around him and follow him. His leadership, of course, can be in either a good or bad direction. I would assume that this potential—whether constructive or destructive—will continue. I have seen this in our local school. Often the boy is also intellectually clever."

**DR. SOL W. GINSBURG**, the psychiatrist, challenged the above position: "Simply on the basis of theory I would doubt it. It leaves out the terrific impact of adolescence which often alters personalities in a basic and unpredictable way. I would think that, at the earliest, leadership potential could be spotted during late adolescence."

"From the viewpoint of morale, if individuals are promoted on the basis of tests, the favoritism issue can't be raised. Since favoritism is a great problem in any organization, this method of controlling it has many virtues."

**DR. DOUGLAS W. BRAY:** "One has to distinguish between the use of tests for positive or negative pur-





business life, I would say that the most important thing is that he have enough minor jobs to test his strengths. When a man is 50, you might go into a somewhat more formal program. It would seem that these programs have many pitfalls and that, on the whole, relatively few people would come through with a clean profit."

"The next best thing to having a wonderful boss is having a poor, weak one so that you can take the ball and run with it."

"There is a middle ground between telling a 21 year old that he can be president at 49 and in giving one's employes no indication of the opportunities open to them. A bright young man will be able to see how far he can go. I know a fellow who was hired as a salesman. When he found out the salaries of two salesmen who had been there for 15 or 20 years, he quit."

"You must convince your top men that, unless they take an interest in the individuals coming along and broaden them as they get assigned and reassigned,

nothing else they may try to do to strengthen the personnel of the organization will work. Failure to do this will be interpreted as the top man's fear that, if he trains the second man, he will be displaced. You must convince executives that it is smart to train the people under them because they can then go on to bigger things."

"Companies must take seriously the idea that young men must move along. They must keep this attitude even in a depression and recognize that they will be better off in the long run if these young men do move along. It is bad for the potential executive of 35 to stagnate. I would rather have the factory go unpainted."

## Evaluating executive performance

Many companies have tried to introduce some form of rating system in the hope of improving their methods of evaluating executive performance. The Round Table emphasized the difficulties of making any type of rating system work effectively, but agreed that a rating system turns a spotlight on organizational problems and on personnel.

The members stressed the advantages of periodically having the performance of executives reviewed by their superiors. This is especially valuable if done at the same time companies make their important decisions regarding budget, personnel, research and development, and related matters.

The discussion ended with a return to the question of the personal qualities needed by successful executives—particularly the ability to make decisions and the ability not to let personal feelings govern judgment of associates and subordinates.

Some comments:

"The company which has five or ten men capable of being president is a better organization and contributes more to the national health and welfare. Any member of our executive committee could be presi-

## MEMBERS of the Columbia University Round Table on executive potential and performance

**Carl Black**, former chairman of the board, American Can Company

**Marvin Bower**, managing partner, McKinsey & Company

**Detlev Bronk**, president, The Rockefeller Institute

**George H. Coppers**, president, National Biscuit Company

**Rev. George B. Ford**, Corpus Christi Church, New York; former Catholic chaplain at Columbia University

**Edwin Gibson**, executive director, The American Assembly, Columbia University; former executive vice president, General Foods Company

**Sol. W. Ginsburg, M.D.**, psychiatrist, Vanderbilt Clinic, College of Physicians and Surgeons, Columbia University

**Roger Hull**, executive vice president, The Mutual Life Insurance Company of New York

**Henry Allen Moe**, secretary-general, The Guggenheim Foundation

**Frank Pace, Jr.**, executive vice president, Gen-

eral Dynamics Corporation; former Secretary of the Army

**Frank W. Pierce**, former director, Standard Oil Company of New Jersey

**Ewing W. Reilley**, partner, McKinsey & Company

**Samuel I. Rosenman**, attorney; former adviser to President Roosevelt

**James S. Schoff**, president, Bloomingdale Brothers

**H. R. Searing**, president, Consolidated Edison Company of New York

**Howard C. Sheperd**, chairman of the board, National City Bank of New York

**Moorhead Wright**, manager, Manager Development Services, General Electric Company

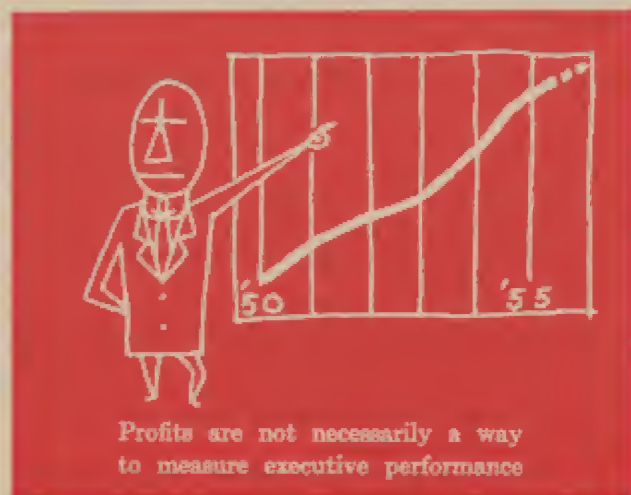
**Eli Ginzberg**, professor of economics, Graduate School of Business, Columbia University, CHAIRMAN

**Douglas W. Bray**, Conservation of Human Resources, Graduate School of Business, Columbia University, STAFF ASSOCIATE



dent without causing a ripple in the company. The presidency is not a talent, it is a title. The president does not necessarily have to have any more executive ability than the vice president. We have people who would be good presidents of other companies. As a matter of fact, the vice presidents of our major divisions are at the same level as the presidents of many other companies."

"Profits over a five year period are not necessarily a good measure of executive performance. Maybe the man should not have made profits during this particular period. I think the best measure of an executive



is how he trains his successor, how good he is in human relations, and whether he is good enough to be promoted. It might be 15 or 20 years before the man at the top can be judged. Some men gain in stature, some shrink."

**ROGER HULL:** "If I had to choose between an executive who surrounds himself with good people and listens to them as against a more brilliant fellow who listens to no one, I would definitely choose the first. The lone eagle, however brilliant, sooner or later trips himself up. But if a fellow has the good sense to get good people around him, listen to them, and form judgments based upon their viewpoints, it seems to me he's certain to come out ahead of the others."

**DR. GINSBURG:** "If I had to pick a single psychological characteristic of a good executive, I would say that it is a sense of inner security. He can be venturesome when necessary, he is not unduly threatened by competition, and he is not punitive to individuals who bring in ideas and plans he has not thought about himself. I would say that he had a good enough self-image so that he will be able to take care of himself, even in a tight situation."

## The executive and the organization

Do different types of organizations require different types of executives or can a good executive perform effectively in any type organization? Round Table members found this a complex question with few definite answers.

Several members pointed out that, in some cases, well qualified people missed deserved promotions because of chance events—for example, a sudden change in the top leadership and the fact that the new man promoted his own associates.

A discussion of seniority brought the suggestion that a seniority system be modified by promoting some men

on the basis of outstanding merit rather than age. The Army has adopted this practice.

The opportunities for advancement in government and business were compared. Some members argued that the chances are greater in government, since it is relatively easy to move from one department to another. This means that a comparatively large number of top posts are open to an ambitious person, while fewer top positions are available in a business concern. Others insisted that a large number of important positions in a private organization do not carry top titles but still offer the individual ample scope for his abilities.

Whether a successful businessman could switch to government and succeed there was also discussed.

At the end of the discussion two positions had emerged:

- One was that, because all executives operate by handling people, the type of organization in which they find themselves makes little difference.
- The other stressed the extent to which the size and scope of an organization call for specific qualities in its executives. The participants agreed, however, that this subject would require more research for an adequate answer.

Comments:

"When you have a crisis such as a war I believe you develop better leadership because many people then have an unusual opportunity. Ordinarily we fail to challenge people sufficiently. They are put in a mold early in the educational process and frequently never get out of it."

"You have to have movement in an organization. If you have turnover every ten years, or preferably faster, a fellow knows he does not have to wait until someone dies to advance. Then he will be interested in the job. When we talk about retirement we make the mistake of always talking about the person who will retire but seldom about all those underneath who will have more important work to do."

"I think we have different types of executives. You put a certain type of man in charge of a new store; when the business gets on its feet, you often have to remove him and get a different kind of person. I have seen this many times in our company and elsewhere. The man who builds up a company frequently is not capable of running it after it gets established."

"I do not think there is the same competition for good men in industry as in government. In government the way is open to a greater extent than in business where the company president is eager to hoard all the good men he can. I suppose this is also true of a cabinet member or head of a department, but not to the same degree. I admit, though, that a man must be willing to take risks—leave civil service protection and strike out for himself. I think it is done more often in government than in business, and I raise the question whether there is anything that business can do to avoid hoarding top executive potential."

"I have seen businessmen who tried to become politicians and I do not think the qualities are the same in both places."

*A report of the Round Table on Executive Potential and Performance was published in book form recently under the title: "What Makes an Executive?" Copies may be obtained at \$3.50 each from the Columbia University Press, New York 27, N. Y.*



# Pick your manager: let him manage

**Executives can find out who wants and can handle responsibility by asking questions and listening. Delegating authority is top man's responsibility**

**By J. E. JANNEY** with Greer Williams

WHAT makes employees feel responsible—or not so responsible?

To find an answer to that, 50 colleagues and I made careful observations among 200 clients.

Definitions are easy enough. Managerial ability has been described as a capacity for minding someone else's business. The responsible man holds himself accountable for the success of an undertaking.

There are all degrees of accountability. About the lowest was the case of a chemical plant laborer who, at the height of the World War II labor shortage, held seven different jobs in five months.

When the superintendent said he would have to let him go, the man was surprised. Yes, he agreed, he had balled up warehouse records, driven a truck into a loading platform and failed on every job. He still felt he should be kept on. Why? "I came to work every morning, didn't I?" he asked.

A division sales manager came close to personifying the highest form of responsibility. At 63, and up for retirement in two years, he was one of the hardest workers I ever met.

At a time when a man might be expected more or less to coast home, he was speeding up. He had just overhauled his inventory control system. Why, I asked, was he pushing himself? "Doctor Janney," he said, "I have the responsibility to leave my division as the best in this company."

It is easy, too, to trace the growth of job responsibility in an individual. At the primary level, he is responsible for an operation. He designs the machine or the product, he makes the sale, or he keeps the books. His first promotion is likely to be the result of a successful operation. As a first-line supervisor, he

becomes responsible for seeing that other operators do their jobs. Many supervisors fall down because they fail to derive personal satisfaction from building operational skill in other people.

The next highest level of responsibility is departmental. The supervisor now has to integrate and coordinate his specialty with the specialties of other departments. The man who can do this well and can look at his old operation and the operations of others from a company-wide point of view is ready for general management.

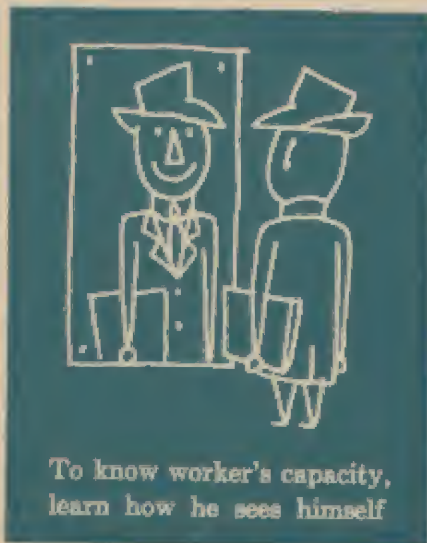
In the higher divisions of management, he holds himself accountable for some part of the company's success and, as its head, he will determine its future. He should decide what is to be done, choose a staff to do it and leave to them how it is to be done.

While some business statesmen go on to assume responsibility for an entire industry, the country and, in fact, the world, the immediate responsibility of the top executive is to see that his company stays in business.

He may acquire a reputation for being ruthless and he will be criticized for the way he hires or fires, but that is his job.

From bottom to top, close observation shows that the individual's conception of his responsibility is determined by who he thinks he is. What is the employee's estimate of himself? The first task then in getting your employees to take more responsibility is to find how much they want or can take. It is your job then to enable or persuade them to live up to their responsibilities.

The eager beaver who rises to the top by a process of natural selection commonly makes the mistake of assuming that every employee is, or should be, like himself. There is nothing particularly wrong with a person who doesn't want greater responsibility. Many of us would



prefer less rather than more; most are inclined to level off at some comfortable point within individual limitations.

Push beyond his limit a man who does not want, or is not ready for, more responsibility and you, the boss, are in trouble.

How do you find this cut-off point?

Well, you don't have to be a psychologist or make a lot of tests, necessarily.

All you have to do is listen.

Perhaps the biggest, most widespread failure of bosses in encourag-

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Men like to talk about their jobs. The wise boss listens

ing men to take more responsibility is that the boss wants to do all the talking. It is his privilege, no question about it. The only trouble is that it doesn't enable him to find out what an employee knows or thinks of his job.

One smart top executive told me, "If we ever get into the position where the first-line supervisors tell the men, 'We understand your problem but we can't get those guys in the front office to listen,' then this company has lost control of its organization and the stewards will run the shop."

Ask questions and listen. By this I do not mean cross-examining a subordinate on what he knows about the proposal he just made, on the theory that you are sharpening the man's judgment against the emery wheel of your greater experience. That is one way of dulling responsibility, because few men have the nerve to duel with the big boss. Too risky.

The next time, the man will write a defensive report seeking to pull in his neck before it is out.

No, the object is to keep the other fellow talking. He will tip his hand, and tell you what he thinks his job is. Anyone skilled in interviewing knows this. You toss out little questions and then sit back and get an earful.

Everybody likes to talk about his job. Ask the man to tell you about his work.

How does this pay off business-wise?

This is how: Visiting one plant, I took a look at what was going into the suggestion box in each department.

One box never seemed to have anything in it. Yet, the department's record was outstanding. Said its supervisor, "I told my people

that when they had any suggestions to bring them to me. If they were any good, we should put them in effect instead of a box." This meant foregoing a chance at prizes, but his people did this with a number of good ideas. Their interest in the department first was a result of his willingness to listen.

The same approach had even more significant results in a middle western agricultural implement company. For years, its plant had operated successfully in a highly competitive industry. The factory manager told me his secret. Twenty years ago, he said, he had taught his foremen to listen to their men. He had to re-indoctrinate them on the importance of this every week, he said, but they and their men understood their job.

One of the simplest ways of estimating an employee's sense of responsibility is to ask him to write a description of his job. Often you find he has an entirely different conception of it than the boss. Maybe he is not capable of fulfilling that responsibility. Or maybe the company merely has failed to get the job across to him.



A man who knows how he is doing is more likely to do better

Next to listening, possibly the best way of building responsibility is to let the man know how he measures up. This is one of management's bigger failings. Often the president may not even tell the vice presidents how they are doing.

The more ways the company provides to answer the question, "How am I doing?" the better. Since the man's self-estimate is so important, self-measuring devices are equally important. There should be charts on the wall showing each department how it is producing and how the company is doing. Everybody likes to keep score and to com-

pete against it. You don't have to order a man to do so. He just does it naturally.

Anything you can do to help the worker understand his job in relation to the other fellow's—whether by high-level job rotation, interdepartmental talks or other methods—can result in more efficient manufacture and sales. For instance, one sales manager got the factory manager's permission to take supervisors out to talk to customers and get the consumer's slant on the product.

Another sales manager, whose company was taking a licking on price, brought the competitor's products into the shop and showed them to the foremen. What he said went about like this: "These cost this amount of money. Ours cost so much more. What am I going to tell our customers? That our stuff fits better? It doesn't. Here, look at theirs. Shall I tell 'em that we can't compete on cost?" The foremen got interested in a better fit, less waste and lower cost.

Building company pride and identification is often neglected. Most industrial jobs are routine, humdrum and not designed for the man who wants to get ahead. But the boss is in trouble if he ever gives his inferiors the idea that he low-rates them.

The American Management Association reported the case of some tactless company representative who blurted out in a collective bargaining session, "After all, our plant is so nearly automatic that most of the jobs out in the shop are unskilled anyway." Within three days the plant was down because the men decided among themselves to follow their manufacturing process sheets to the letter. Doing no more than you are told, rather than knowing you are expected to do your best, is the quickest way to foul up the job.

A man can get awfully stubborn when his self-respect is damaged, but he can be shown and be led to do better. One chief executive, aware of his company's deficiencies in carrying out the axiom, "The first task of a successful executive is to choose his successor," propounded the following question to each of his division chiefs:

"What do you teach your understudy?"

Some had understudies but had given their training no special thought; some had no understudies. The division chiefs quietly asked each other what they taught their understudies. Those who didn't have understudies got them; the rest saw that maybe they weren't as





job evaluation study. The recommendations were sound, but the union said no. The cost control supervisor asked permission to put it across. He called in the 18 foremen and asked them what they needed to get their job done. They needed to gripe a lot, first, and then they got down to the crux of the matter—rates and standards. It took several months for them to talk it out, with the eventual agreement that job evaluation, plus incentive pay, would be installed in one department. This bite-off-a-chunk-at-a-time method worked there, and presently 17 of the 18 had put the program across in their own units. The eighteenth foreman lost his nerve when the union steward barked at him.

Getting himself across to his men is, day in and day out, the chief's biggest headache. If he is a self-made man this is especially true, because he probably knows from experience in operations a thousand times more than he puts into words. It is an old sore, probed many times, but his biggest failing is in his unwillingness to "let go." You cannot expect a subordinate to assume responsibility unless you give him the authority to do so. You cannot make him do his job your way just because your way has worked. Other ways work, too. Each executive has his own thumbprint.

The president of a parts company told me the toughest thing about becoming the big boss was to go down the hall and see the vice president doing his old job. Said the president: "He does everything different. And you know what? He is making a success of it."

The entrepreneur type is not the only one who has trouble delegating authority. The more specialized a man becomes—the more technical or scientific training he has—the more he feels conscience-stricken

and guilty as an executive if he does not get out in the laboratory and run the tests himself. Conversely, facing a business decision, he is likely to say, "Let's make another survey and then decide." There is always something more to be researched, by which time someone else may have the business!

A good executive must learn to make educated guesses on the basis of some but not all possible data and then take a calculated risk. Even the best of them fall down in the human-risk area, however. They are frequently good risk-takers when it comes to money, and will cheerfully accept their losses while trying to build their winnings. But they need to take more risks with men in positions of responsibility, realizing that a certain number of their choices will fail, just as any investment.

These job-responsibility failures usually succeed at lower levels. A man can grow horizontally as well as vertically, by doing better at the same job, even if his wife thinks it would be wonderful to be married to a vice president. One man came up to me and said: "Say, Doc, do I have to climb up into management? I just want to be a damned good salesman."

There's a lot that can be said about taking hold and letting go of responsibility, but I should like to say this much here: The only way to develop responsibility in a man is to let him have some and see how he does with it. Authority must be given from above and responsibility must be taken from below. You judge a man's responsibility by listening to what he has to say for himself.

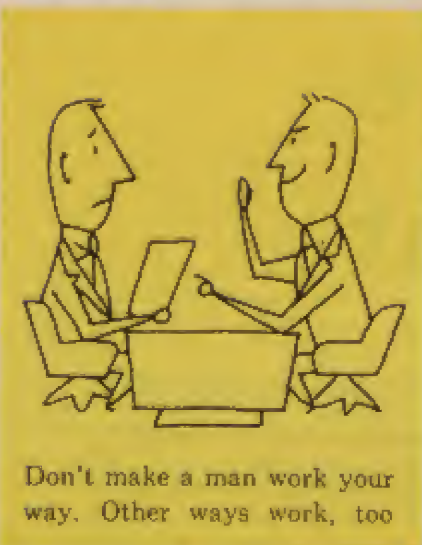
You cannot expect him to do the job you want done unless you have made your purpose and his part in it clear to him.

Finally, some reactions are wholly predictable, and merely reflect what is happening to you. They add up to nothing more than an understandable anxiety as to the outcome. For example, not long ago I had the opportunity to midwife a new company in its selection of its 12 top officials.

They got off to a good start and were doing well when the president was killed in an automobile accident. Naturally, everybody moved up one place.

Every one of those 11 surviving executives said of the man who took over his old job, "Why doesn't he take hold?"

You can guess the comment of the man who took over. In each case, he said, "Why doesn't he let go?"



good at their job as they thought. Encouraging responsibility in others means taking more yourself.

Awakening people below you to make full use of their heads takes some applied psychology, true enough. A common source of resentment is the home-office hot shot who comes in and tells you what to do. A chemical distillation plant, for example, was having trouble in getting the required performance out of a furnace. A home-office engineer arrived, inspected the plant and immediately saw that the boiler tubes were full of scales and sludge, requiring complete replacement. He was cagey: "Why don't you replace half of those tubes and see what happens?" The local people got their heads together and then countered: "No, let's replace them all."

They showed him he wasn't so smart!

When a layoff is essential to balance supply and demand, a top executive may be amazed that his submanagers don't see the responsibility. Each gives him an argument that no man can be spared in his department.

This is predictable human behavior. One president meets it by calling his unit managers and putting the unpleasant numbers on the blackboard.

"This," he says, "is the number of employees the business will support. These are the numbers you have to run each department. Now do you want to work it out yourself? Do you want us to do it for you? Or should we do it together?"

This sense of higher responsibility is exercised at the risk of a loss in personal popularity. It takes courage to make unpopular decisions, but the sacrifice will bring respect in the long run.

A metalworking plant wasn't doing too well. It spent \$25,000 on a





EDWARD BURKS

# Training method tests executive judgment

**New "Incident Process" stresses management development through discussion and digging for facts necessary to make sound decisions**

**By JOSEPH M. GAMBATESE**

A NEW technique for developing executive skills is gaining the attention of American business. Based on the do-it-yourself principle, it is designed to sharpen management abilities in getting results with people, in organizational problems, in labor relations, and in other phases of leadership.

The new system, called the Incident Process, is the work of Prof. Paul Pigors and his wife, Faith. He introduced it at Massachusetts Institute of Technology, where he is an associate professor of industrial relations. Basically, Incident Process depends on group study, much like that of the Harvard case method of training which has been in general use for almost half a century. Unlike the Harvard method, in which all the facts of a significant case are available for study, Incident Process presents only a bare incident. From this, those taking the course must make their own decisions, after digging for the facts on which the decision is to be based.

Dr. Pigors has demonstrated the Incident Process in many companies and to many groups of executives. Several firms are using or experimenting with this method in their training programs, sometimes as a supplement to the case method, often with variations of Dr. Pigors's formula. They include some department store members of the National Retail Dry Goods Association, the Goodyear Tire and Rubber Company, Bell System telephone companies, the Navy's civilian training office in Washington, Pratt & Whitney Aircraft, Aluminum Company of America, The Stanley Works, Koppers Company, and TransCanada Air Lines.

Considering or planning to use the Incident Process in some form are the Army Civilian Training Center, U. S. Bureau of Engraving, Giant Food Department Stores, American Airlines, and du Pont, among others.

Representatives of General Motors, General Electric, Inland Steel, American Can Company, Brown-Forman Distillers, Wyman-Gordon, U. S. Rubber and National Security Agency were also among the 75 executives who attended a three-day conference in Washington where the Pigors discussed the new method and introduced materials for using it. These materials are assembled in a manual published by the Bureau of National Affairs, Inc. Dr. Pigors will direct a two-week workshop on the Incident Process at M.I.T. beginning June 20.

Included in the manual are suggested incidents taken from arbitration cases or based on Dr. Pigors's experience as a management con-



sultant in the personnel relations and communications fields. Many companies, adapting the plan to their own use, prefer to offer incidents from their own plants for study.

The Bureau of Engraving, for example, may use the \$160,000 theft by an employe in 1953 as a study in its course for management training.

According to the Bureau of National Affairs, the new method duplicates the practical approach to decisions as they occur in everyday life.

Those who are being trained meet in groups of 15 to 20 to consider and decide on a course of action in a given situation. Typical of the incidents for study is this one, taken from Dr. Pigors's manual:

"Foreman McCrorie instructed Bell, a welder, to hook the cables of an overhead crane to a rack of



The foreman said yes, the steward said no. Now what?

finished work. Bell hesitated to pick up the lift. McCrorie insisted that this was an order. Bell turned to Shop Steward Harris: 'I think this is dangerous. What do you think? Should I pick up the lift?'

"Harris sympathized with Bell's fears, adding: 'If you feel it is unsafe or too dangerous, you don't have to do it.'

"You are Foreman McCrorie. What do you do now?"

A team leader who has studied the case in advance is prepared to answer questions or supply necessary documents. If a member asks, for instance, if the union contract (if there is a union) covers the subject of the incident, the team leader distributes copies of the pertinent section of the contract. Other documents might include the text of a notice posted on the bulletin board, a diagram of the area where the incident occurred, or a management organization chart showing line of authority.

An observer-reporter makes notes of the discussion and later gives a critical report to the group. He might report, as happened in one instance, that 97 questions were asked during a 30-minute fact-finding period, and

that more than one third, or 35, were asked in the first five minutes. He might observe, critically, that the group was weak on follow-up questions, tending to wander at times in irrelevant directions.

All of the group members serve as fact-finders, with one of them summarizing the facts at the end of the fact-finding stage. Some become spokesmen for different viewpoints. They also take the parts of the principals involved in the incident and act out what they would have said and done.

Each member writes what his decision would be on the specific issue the group agrees must be decided. Majority and minority groups caucus to select their spokesman and to consolidate their arguments. Then the whole group debates the decision.

Finally, the group evaluates the case and the decisions that were made from the standpoint of hindsight and foresight, to see what generalizations can be drawn from the situation and their discussion of it that might apply to their everyday jobs.

Throughout the series of cases, the group constantly evaluates its own behavior and progress, and rotates leadership responsibilities in various roles. The complete course covers ten two-hour sessions.

Those who have had experience with the Incident Process generally cite some specific advantages over the established case-method technique.

Robert W. Fox of The Stanley Works, New Britain, Conn., says that supervisors in that company have improved their ability to obtain relevant facts and order them in such a way as to make an intelligent decision. The reasons given in support of a decision have also improved. (Dr. Pigors says that half the time management makes the right decision for the wrong reasons.)

Mr. Fox believes that the Incident Process could also be a valuable training aid in safety, scrap control, and quality control, in addition to employe relations.

George Plant, the manager of NRDGA's store management and personnel groups, likes the incident method as a leadership technique in sharpening skills of executives in defining a problem, analyzing it, and reaching intelligent conclusions.

Charles W. Potter, director of the Bell System Executive Conference, thinks the Incident Process has merit because, besides developing ability to find and weigh facts and consider the viewpoints of others, it brings the trainee as close as possible to actual situations as they occur from day to day.

Goodyear Tire Company has used the process to train 750 members of office management in Akron, from the department manager level to key staff personnel, and last month began giving it to 1,000 factory supervisors. W. R. Bryan, manager of Goodyear's conference and school programs, says:

"It stimulated more active discussion than any other method we have used."

Alcoa has no formalized program using the Incident Process, but it is using some phases of it, like fact-finding. According to R. J. Simonds of the training department Alcoa has added a new touch to the new technique: use of a three-to-five-minute film to present a plant or office incident to the conference group for discussion.

One of the training directors at the Washington conference told of a real incident being used in his training program. It involved a "bull of the woods" type of manager who told the most efficient clerk in the office—a housewife guilty of frequent tardiness—that the next time she was late she was fired.

A few days later she walked into the office, late.

"Well, I guess I'm fired," she told the manager. "But I want you to know why I've been late."

She then explained that her hus-



band worked nights, got home drunk, and insisted that she fix his breakfast before she left for her daytime job.

"We use that incident as a case study and learn three things from it," the training director said. "First, don't make a decision without knowing all the facts. Second, don't make a decision you are not prepared to back up. Third, don't short-circuit the chain of command. The manager should have taken the matter up with the woman's supervisor."

The training director hesitated, then concluded: "Incidentally, I was that manager."

END



## More TVA's? Decision in '56

(Continued from page 34)

construction and operation of this \$300,000,000-plus dam on the Columbia River between Oregon and Washington. Already authorized as a federal project, the dam would produce more than 1,100,000 kilowatts of power. The Eisenhower budget for the coming year includes \$500,000 for further study and planning, and Senators Morse and Neuberger (D., Ore.) want this boosted to \$1,500,000 to speed early federal construction.

Opposing an all-out federal project, which he claims would take too long getting into production, Rep. Sam Coon (R., Ore.) has proposed a partnership bill under which the federal government would design, build, operate and own the dam, including the power facilities, but would put up only about \$37,000,000 of the estimated \$310,000,000 cost. This would cover the flood control, navigation and other non-power costs of the project. The remaining \$273,000,000, covering all costs attributable to power production, would be provided by local interests. It would be paid back, in power, over the next 50 years.

In effect, these local groups would be paying in advance for 50 years of power deliveries. It would be up to the FPC to decide which local interests should take part. Mr. Coon says three power companies and one municipality already have pledged the entire \$273,000,000.

The Administration is expected to favor the Coon bill.

### Tennessee Valley Authority—

With the Dixon-Yates controversy almost behind it, TVA has submitted to the Budget Bureau a plan by which it would issue revenue bonds to finance future construction. The Bureau may or may not forward the plan to Congress this session. In the meantime, there will be no new construction for TVA.

Whatever the Budget Bureau does to the bond plan, there's almost certain to be a scrap. Public power groups fear the Bureau will write in restrictions that will make it almost impossible for TVA to sell its bonds and thus prevent TVA expansion.

Private power interests have reservations about the entire bond plan, fearing it might free TVA expansion from congressional control. They say they certainly will fight any provision giving the bondholders first claim on TVA revenues, arguing that this would make the bonds at-

tractive and keep TVA's interest costs unfairly low.

**Mountain Sheep**—An Interior Department survey of the Snake River has reported excellent possibilities for power dams at Mountain Sheep and Pleasant Valley. No funds have been sought for federal construction, however. In the meantime, the Pacific Northwest Power Co., a combine of four private utilities, has received from FPC preliminary permits for power dams at these two sites. The projects would produce some 1,000,000 kilowatts at a cost of about \$280,000,000. Federal power advocates promise to fight the company's plan.

**Niagara River**—This is a complicated, many-sided fight to decide who will develop additional Niagara River power in New York. Niagara Mohawk Power Co. and a group of other private utilities want to do it, and Senator Capehart (R., Ind.) and Representative Miller (R., N. Y.) have introduced bills directing the FPC to license the companies. Former Governor Dewey and Governor Harriman want the New York State Power Authority to build and operate the power project. Those who originally wanted a federally built and operated project now go along with New York State construction and operation, providing the State Authority abides by a preference clause in power sales—a feature missing from the Dewey-Harriman proposal.

The Administration has been supporting a bill to permit the FPC to decide who should develop the power. This would seem to favor the Dewey-Harriman plan, since the Federal Power Act says that if private and public groups submit substantially equal plans, the public agency must get the nod.

**Cougar Dam**—Senators Neuberger, Morse and other federal power advocates want federal construction of projects at Cougar Dam on the McKenzie River and at Green Peter and White Bridge on the Middle Santiam River in the Willamette Basin in Oregon. Together, these dams would produce some 120,000 to 135,000 kilowatts of power.

The Administration, however, is backing a partnership bill by Rep. Harris Ellsworth (R., Ore.) for construction of these dams. Local interests would pay all costs chargeable to the power phase of the proj-

ect and would operate the power facilities. The federal government would pay for flood control and other non-power costs.

Under the Ellsworth bill, the local interests would pay \$11,000,000 toward the \$37,000,000 cost of Cougar and \$29,000,000 of the \$58,000,000 cost of Green Peter and White Bridge. The FPC would decide the local interests to be involved; the city of Eugene wants to undertake Cougar, while Pacific Power and Light Co. proposes to take on Green Peter.

Of course, the federal versus non-federal controversies are not confined to new power sites. Some of the most bitter fights are over marketing power from existing sites. For example, the Georgia Power Co. and a group of REA co-ops are locked in fierce battle—with the Administration in the middle—to decide which should transmit power into the Augusta, Ga., area from the federal Clark Hill Dam on the Savannah River.

All the combatants in the power war agree on one thing: The nation's need for electricity is booming and will continue to boom. The Office of Defense Mobilization has set a goal of 150,000,000 kilowatts capacity by the end of 1958, compared to about 116,000,000 kilowatts today. This expansion is pretty much in line with the power industry's own plans and predictions. The big issue is which approach will best do the job of satisfying the mushrooming demand.

The struggle can be viewed as taking place among three different groups, lined up pretty much in two camps: The federal power advocates in one camp; the Eisenhower Administration and, with some reservations, the private power industry, in the other.

The federal power argument boils down to a charge that the Eisenhower program is a sell-out to private power companies, and that it will dissipate the nation's resources, be more costly for the consumer, and fail to meet the mounting power needs.

Leland Olds, chairman of the Federal Power Commission under President Roosevelt, recently said this to a congressional committee:

"The President's power policy, if carried out in the terms suggested by his Economic Report, would result in a power-short America measured by the requirements of an expanding economy which will call for supplies of electricity multiplying at least three times over within 15 years and ten times over by the beginning of the last decade."

He denied Administration claims



that the policy is a shift from federal construction to partnership with local groups. Rather, he charged, it is a shift from the Democrat-sponsored federal partnership with local public groups to a Republican-sponsored partnership with private monopoly. "It will," he said, "ultimately destroy the type of public or co-operative competition which has proved the most effective supplement to the otherwise largely ineffectual efforts to regulate utilities in the public interest."

This is the yardstick argument—that the low-cost power of federal projects keeps down the prices charged by private companies, and thus benefits consumers even more than is apparent.

The federal power advocates also claim that federal projects are integrated with flood control and other activities, while private development is piecemeal, concentrating only on power.

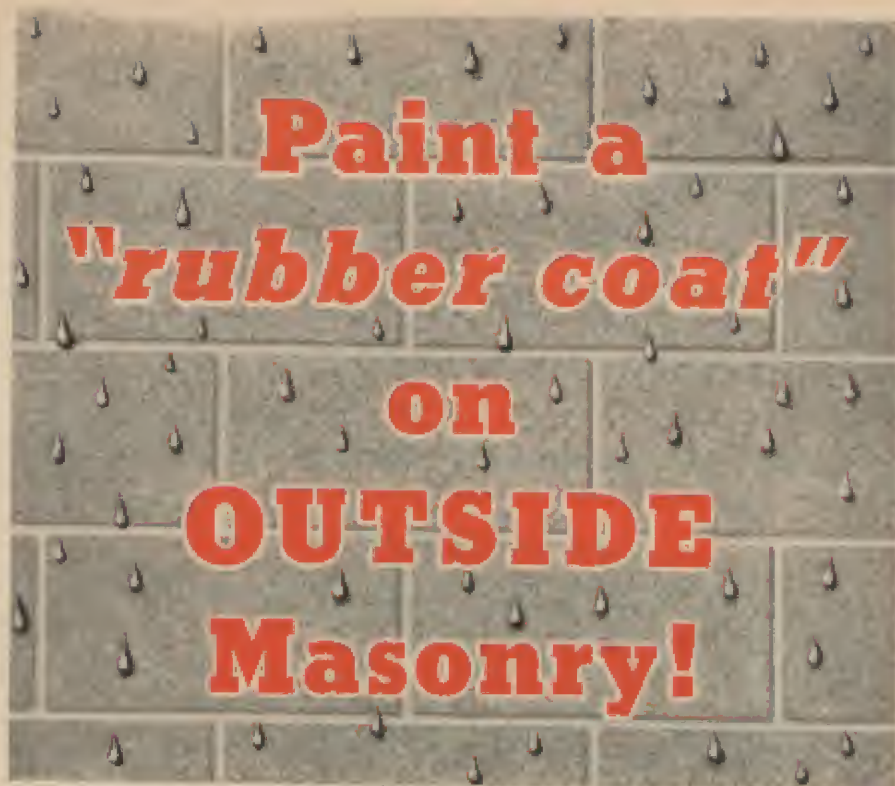
"The issue," says Senator Magnuson (D., Wash.), "is full and multi-purpose development versus single-purpose underdevelopment."

The Administration's partnership program, federal power forces say, hands over the people's property to private groups.

"The American people," declares Senator Neuberger, "would be committed not only to parting with some of the most valuable hydro-electric power sites in the world but also to appropriating public funds so that these sites can be exploited for private interests." He charges that, in return for the money they spend on power-producing facilities, the power companies will get the gravy, the revenue-producing power, while the federal government will get in return for its expenditures nothing but "fishladders and locks and floodgates."

"Far from developing natural resources at less cost to the federal government as boasted by the president," he says, "partnership over the years will deny to the Treasury hundreds of millions of dollars that might otherwise go toward reducing the national debt, which so worries many of the President's followers."

The federal power friends use other arguments: Most partnership proposals do away with preference for public groups; the Administration will undertake as all-federal projects only those which private companies find unprofitable; there is no danger of a federal power monopoly, as some utility executives claim, since federal installations account for only about 13 per cent of the nation's total generating capacity; no subsidy is involved in public power projects since power



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### MORE TVA'S *continued*

revenues ultimately pay for the projects and turn in a profit.

Private power companies have quite a different view. The only thing bad about the Administration's policy, they believe, is that it doesn't go far enough.

According to Purcell L. Smith, president of the National Association of Electric Companies and an industry spokesman in Washington, the big defect in federal policy today is that it has not yet corrected the tax inequity between private and public power.

On several occasions the industry has urged Congress to approve legislation to tax revenues of government-owned power projects on a basis roughly comparable to the taxes private utilities pay. The companies suggest a rate of one-quarter of the regular corporate income rate, to be applied to the gross revenues of the public projects. They figure this is about the rate private companies pay on gross revenues.

A second desirable change, Mr. Smith says, would be to tax interest on bonds issued by public power organizations. Still another possibility would be to make federal property in power projects subject to state and local taxes.

Mr. Smith sees the Eisenhower program, however, as marking an important and desirable change in government attitudes. "The basic fact," he says, "is that the new administration does not consider its function to be to supply all power."

The industry agrees that the government produces only about 13 per cent of the nation's power, but, it points out, 20 years ago it produced only eight-tenths of one per cent. Walter H. Samis, president of the Ohio Edison Co. and a former president of the Edison Electric Institute, recently remarked that, while the figures on the government's present generating capacity are alarming enough, "the real danger lies in what could be built on this foundation if indifference to or neglect of or lack of understanding of this situation should persist."

In explaining its position, the Administration makes it clear that partnership does not mean the end of all-federal projects. The President will still back such projects if they cover large areas in many states, require so much money that they're beyond the reach of local groups, or have other special factors. The budget for the coming year, for example, proposes two new all-federal projects: the Upper Colorado River Basin project and the

Frying Pan-Arkansas project in Colorado.

But power development will no longer be an exclusively federal concern. Administration spokesmen emphasize. The new policy, says Mr. McKay, "offers local groups an opportunity, long denied, to share in resource development . . . It definitely removes the Interior Department from its previous role as exclusive arbiter in the construction of dams, the generation, transmission and sale of electric energy in any area, basin or region."

Partnership will save many millions of dollars for taxpayers, it is claimed. Clarence Davis, Undersecretary of the Interior, declared in a recent interview that a full-scale federal power development program would cost \$500,000,000 to \$1,000,000,000 a year—a heavy load for the taxpayers. So, he adds, "if Eugene, Oregon, or Grant County, Washington, are sitting there with millions of dollars and are ready to do substantially what the government would do, we should use that local initiative and money."

In addition, taxes paid by power companies would mean big increase in federal revenues.

Not only does partnership mean less cost for the taxpayers, Administration backers say, but it actually means more power sooner, since local groups will go ahead quickly, whereas Congress may hold up appropriations for federal construction for years. They cite as an example the fact that the Coosa River project in Alabama was authorized in 1945 as a federal project, but Congress consistently refused to vote funds to get it started. Finally, a partnership bill was passed last year to permit Alabama Power Co. to erect a series of dams, and the project is well along to actuality.

"The goal is more actual kilowatts, not conversation kilowatts," Mr. McKay puts it. Says Representative Ellsworth: "History demonstrates that excessive reliance on the federal government for the development of power resources has often meant no development at all."

The partnership proponents note in passing that several Democrats have sponsored partnership bills—"so partnership can't be quite as bad as the Democrats say." Senators Hill and Sparkman and the entire Alabama House delegation were behind bills to permit the Alabama Power Co. to develop the Coosa River. Democratic Senators Kerr and Monroney of Oklahoma authored the bill to permit the state's Grand River Dam Authority to undertake the \$38,000,000 Markham Ferry project. Democratic



Senators Magnuson and Jackson of Washington joined with Republican Representative Holmes to put through a bill authorizing the Grant County Public Utility District or any other local group to take on the \$364,000,000 Priest Rapids project. Also, under the partnership plan, proponents say, flood control, conservation and other projects are developed along with power.

Mr. Davis classes as a major achievement of the new administration a readjustment in the method of allocating the cost of power installations on multipurpose federal projects. It used to be, he says, that the Army Engineers and Reclamation Bureau were as much as 100 per cent apart—the Army would set the power cost, say, at \$400,000,000, while the Interior Department would set it at \$200,000,000. This was a vital difference, since the costs assignable to power determine whether a given project is economically feasible and should be undertaken, and also determine the power rates to be charged on the project.

Now the Army and Interior have agreed on formulas which will provide a uniform system of cost allocation. This, coupled with a ruling that "power must bear its full share of costs, and all power costs must be returned to the federal treasury with interest within a period of not more than 50 years," is used as a yardstick to determine the feasibility of specific projects.

Opponents of this new cost allocation program claim it has been contrived to rule out virtually all the projects which, under the Democrats, would have been considered feasible. For example, Senator Kerr declares that the new procedure has cut the power features from five of seven federal dams previously authorized in his area. He says also that Interior has proposed to raise power rates, because of the new formula, on six or seven projects already operating.

To lay to rest any fears that the Administration plans to liquidate the government's power holdings, Secretary McKay says "public power is here and it is here to stay."

"I don't agree," he says, "with the protests of some people who say the government should get out of the power business. But I do not like monopoly in any form—whether it is private monopoly or government monopoly. There is room in this nation for the development of private and public power, and there is no reason why they cannot work side by side in a partnership of mutual direction—greater service to a greater number of people."

END

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# Business needs more atom know-how

**The Atomic Energy Act of 1954 opened the nuclear field to private enterprise—but only part way. Business management, to plan intelligently for the future, must have more knowledge of the atom's potentialities than it has at its disposal now**

By DONALD C. SPAULDING



Walker L. Cisler, president of Detroit Edison Company, points to one of the special features of the fast breeder nuclear reactor to be built by the Atomic Power Development Associates to supplement energy needs in the Detroit area. Mr. Cisler is in the forefront of businessmen who are planning for the Atomic Age

UNLESS business management plans now to prepare uniform standards of safety, health, manufacture and operation to fit changes foreshadowed by nuclear research, our atomic revolution can easily deteriorate into chaos.

This warning comes from nuclear experts and top-level economists. Their long-range view of the atom's potential for peaceful uses underscores the immediate, compelling need for basic planning, local to international levels, if the atom is to meet effectively and economically the needs of a power-hungry world.

Scientific and mechanical problems of reactor construction and operation as they applied to war have received attention for many years.

Now, emphasis is shifting to nuclear power for peace.

And in peaceful areas planning has been at best, sporadic, at worst, non-existent.

Business management recognizes the urgent need for practical planning to encourage development and use of atomic energy by private enterprise. One evidence of this interest is the appointment of an Atomic Energy Committee by the Chamber of Commerce of the United States. Chairman of this committee is Erwin D. Canham, editor of the *Christian Science Monitor* and a director of the National Chamber. Members of the committee have been selected from the fields of education, law, science, research, manufacturing and utilities.

Says Dr. Canham of the new committee's work:

"IF American business is to make an adequate contribution to the development of atomic power for peaceful purposes it must know far more than it has so far been able to learn.

"SECURITY and security are not synonymous. Private enterprise can make its greatest contribution only if its efforts are based upon adequate knowledge. To that end all possible information should be declassified and facilities set up for making the information clear and meaningful to businessmen.

"AMERICAN business, too, can make a mighty contribution to national security in the deepest sense when it knows more facts about atomic energy potentials and applies the full dynamic power of private enterprise to a forward movement.

"ATOMIC planning for peace includes a field beyond science or mechanics. Areas which need increased attention now and over the next ten years include industrial development, health and safety codes, zoning and construction requirements, raw materials sources, legal and in-



insurance problems, labor supply and skills, equipment and material needs, market surveys, disposal of radioactive wastes, uses for radioactive materials, comparative power cost surveys, investment opportunities and risks for private capital, problems of industry-government partnership, technical and scientific training, research leading to new industries, and, perhaps of overriding importance, public education and information."

Among other organizations and associations with active interest in atomic energy developments are the Association of American Railroads, the American Bureau of Shipping, the American Meat Institute, the Franklin Institute, Mellon Institute, Carnegie Institution, Smithsonian Institution, National Planning Association, Oak Ridge Institute, Operations Research-Johns Hopkins University, Resources for the Future, Inc., Stanford Research Institute, Southern Research Institute, Woods Hole Oceanographic Institution, National Industrial Conference Board, National Association of Manufacturers, AFL Atomic Energy Committee—and many others.

Private enterprise must pioneer in many areas. Atomic energy represents a new frontier. No precedent exists, for example, for consideration of insurance risks at nuclear power plants. Little factual data guides an economist studying the impact of this new power source on present sources of supply—fossil fuels and water.

How is a local tax assessor to evaluate for tax purposes a power furnace that breeds more fuel than it consumes? How do you measure the value of an inventory increasing without added investment?

As for zoning, the exclusion area for nuclear reactors gradually is being contracted. Reactors may eventually be placed wherever conventional power plants are now located. How can a zoning official plan and enforce such a flexible zoning code? How should local health officials work out codes to protect workers and the public from radiation when research to date has only tentatively established precise effects of exposure to radioactivity?

Who knows what labor skills will be required when many of the controls and instruments for the atomic age are not yet on designers' drawing boards? And what new problems of wage negotiations and conditions of work may arise?

Civic and business leaders will be called upon to answer questions such as those within the next few years.

These leaders, says Charles Robbins, executive manager of the Atom-


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ic Industrial Forum, must realize that there is not much time to prepare for major economic and social changes which will take place.

► "Unless the groundwork is laid now, many mistakes will be made and opportunities lost," Mr. Robbins warns.

► "We must be prepared to live with many new and strange facilities; to work with representatives of a new industry; to talk their language, understand their problems, know their requirements—and to be prepared with laws, codes and regulations covering health, safety and zoning."

Some preparation is underway. The New York State Department of Health has adopted an atomic safety

code—tentatively at least. The Pennsylvania Industrial Board is studying similar codes; California is reviewing and revising its general health and safety statutes.

Mr. Robbins points out:

► "Your banker, doctor, lawyer, insurance and investment executive, investors—large and small—all are concerned. Commercial and trade associations, professional and civic groups, women's clubs, local government agencies, school authorities, will all have their parts to play in varying degrees."

In the development of the atomic submarine *Nautilus*, for example, at least 50 separate industries took part, ranging from electrical equip-

ment and nuclear reactor manufacturers to paint and varnish firms, steel mills, copper smelters, plastics, glass and many others. Plans for three additional atomic submarines have been announced and plans for an atom-powered merchant vessel.

Every industry is involved in some way. Industries most active at the moment are electric power, petroleum, chemicals, construction, manufacturers of reactor power plant equipment, food processors, transportation, communications, mining, shipbuilding, insurance, banking and investments.

Atomic power and its satellite industries will have a relatively more important and far-reaching effect on small businesses and small communities than upon big businesses and concentrated centers of population.

Let's pin down the future possibilities as authoritatively as we can.

Francis K. McCune, vice president of General Electric Company and general manager of its atomic products division, sums up this way:

► "Fourteen per cent of the power plants going into service in this country in 1970 will be nuclear-powered.

► "Once nuclear plants become competitive they will expand rather rapidly, increasing to 65 per cent of all new power plants by 1980.

► "Total generating capacity in this country was 124,000,000 kilowatts in January. This will rise to 375,000,000 kilowatts by 1975 and 514,000,000 kilowatts by 1980. Hydro-generating capacity will continue at a diminishing percentage, amounting to nine or ten per cent of the total generating capacity by 1980.

► "The integrated capability of nuclear fuel plants forecast from this data adds up to 40,000,000 kilowatts by 1975 and 120,000,000 kilowatts by 1980—but even with the rapid rise in nuclear capacity, capacity in conventional plants will increase to 300,000,000 kilowatts by 1975 and 350,000,000 by 1980.

► "If we are going to progress with the boon of atomic power and be in a position to share it with other nations, we must take the same kind of bold, imaginative steps that enabled our electric utility industry to swell its production so mightily in the postwar period.

► "If we are to supply the needs of 200,000,000 Americans in 1975, and meet their needs through increasing automation, this country must get energy on a dramatically new scale."

Dr. George Manov, industrial research specialist with the AEC, has a word of caution:

► "Not all companies are going to buy themselves a power reactor—they just don't use or need that much

## HOW U. S. CHAMBER STANDS . . .

The Chamber of Commerce of the United States recommends further removal of security wraps from data needed to develop nuclear energy for industrial uses.

Licenses and materials should be granted by the Atomic Energy Commission on as wide a basis as possible and should be of long term and general, rather than of a specific application.

The Chamber recommends that patent rights established by the Constitution be applied to all adaptations of atomic energy. It opposes compulsory licensing of patents, inventions and discoveries and believes that sale of electric power from nuclear materials should be the responsibility of investor-owned utilities and local agencies.

The Chamber believes the federal government should not enter directly into commercial exploitation of the use of atomic energy. Any electric power available at federal atomic installations should either be used by the government itself for such installation or disposed of on a non-exclusive basis to applicant utilities without preference or discrimination.



power. For most firms, in fact, participation in atomic energy will perhaps best be met by supplying components and subassemblies for use in the atomic power program and by using radioisotopes in their own plants to help do production jobs easier, cheaper and faster.

► "Radioisotopes are now saving this country about \$100,000,000 a year by cutting down on the number of rejects and improving quality control.

► "It's interesting to note, too, that today 1,200 firms that were not in existence ten years ago are supplying the AEC alone. As for possible dangers of radioactivity, I believe insurance firms should realize that we have 20,000 employees in the AEC engaged in civilian work alone. We have had no deaths from radioactivity in these jobs and only two deaths at Los Alamos in connection with bomb studies. That's a good 13-year record."

Industrial participation in nuclear development is gathering momentum faster than business or community leaders are planning for it, or for its effects upon them. A recent survey of capital goods manufacturers, for example, shows at least ten per cent are designing or manufacturing atomic energy equipment for commercial use. Another ten per cent hold prime contracts and 22 per cent subcontracts with the Atomic Energy Commission. Eight per cent are using radioisotopes industrially. An atomic energy instrument industry which did not exist nine years ago is expected to record sales exceeding \$35,000,000 this year.

At least ten distinct uses for nuclear power already have been charted—some, of course, still on an experimental basis. These include central station power plants, currently the most widely publicized, factory heating units, conversion of sea to fresh water, plane and train propulsion, central heating plants, fissionable and fusionable materials, radioisotopes, large scale catalysts for chemical reactions, package plants for remote or mobile use, and ship propulsion. One expert estimates that within the next two and one half years at least 20 research and package reactors will be built or underway in the United States alone.

An atomic plane is believed to be beyond the drawing-board stage at both North American and Convair, a division of General Dynamics.

Atomic locomotives are being planned by Baldwin-Lima-Hamilton working with Westinghouse and by Alco working with General Electric.

Meanwhile, added potentialities of the atom can be seen in a rundown of research contracts currently in



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## ATOM KNOW-HOW

*continued*

effect with the Atomic Energy Commission.

These contracts with private firms, independent laboratories, colleges and universities, government agencies, medical schools, research foundations and institutes, total 673. They include 28 projects in reactor development, 13 in exploration and use of raw materials, nine in experimental instrumentation, 163 in medicine, 23 in biophysics, 195 in biology, 66 in physics, 45 in metallurgy and 131 in chemistry. It is significant that the major effort in atomic research is directed toward the medical, biological and chemical effect and potentialities of radiation. It substantiates, in fact, the emphasis upon atoms for peace.

A vast program of nuclear reactor construction is already underway, both by government and by industry, now that the 1954 Atomic Energy Act has opened the door, at least part way, for participation of private enterprise. In this field, for the immediate future at least, big companies will continue to dominate, simply because such companies can best meet the initial needs for money, materials and manpower.

Great central power stations, mobile package and research reactors, large and small, are being designed and built. New atomic instruments and reactor equipment are being developed to meet growing need. Radiation detection and measuring devices are being produced at an increasing rate. Uranium mining and ore processing industries have pushed into the limelight.

Meanwhile, industry is increasing its investment in nuclear research about 50 per cent each year. Although government still spends by far the greater amount, private investment totals about \$4,000,000 or \$5,000,000 annually. That figure is expected to increase rapidly.

Babcock and Wilson has broken ground for what is believed to be the first factory devoted solely to the manufacture of nuclear reactors and cores. Other firms with expanded reactor building programs include Foster Wheeler, Combustion Engineering, Union Carbide, and General Electric.

The Atomic Energy Commission has issued nearly 9,000 special reports, many with significant implications to industry. These are available at small cost to the public. The AEC also has issued a special bibliography which lists about 800 non-secret reports covering technological developments of particular interest to industry, including chem-

istry and chemical engineering, health and safety, industrial management, mechanics and mechanical engineering, metallurgy and ceramics and nuclear technology.

Walker L. Cisler, founder and president of the Atomic Industrial Forum and president of the Detroit Edison Company, warns that the potentialities and accomplishments of atomic power mean that each state and each community within it must, in its plans for the future, recognize that we are witnessing the birth of what can become a second industrial revolution.

The Forum itself is a symbol of the promises and problems of the atomic age. Conceived in 1952 by Dr. T. Keith Glennan, president of Case Institute of Technology and a former member of the Atomic Energy Commission, it was brought into being largely through Mr. Cisler's efforts. At the beginning of 1954, the Forum counted 50 contributing members. At the end of that year, membership included 230 organizations representing industry, commerce, finance, labor, research, education and the professions. Recently, companies have joined from Great Britain, Canada, France, Belgium, Switzerland, Italy and Mexico.

Nuclear power in its many phases is only a part, and perhaps not the most substantial part, of atomic energy applications. Opportunities exist in the chemical industry, in agriculture and in medicine. To illustrate one phase of progress in nuclear development: In 1942, only one method existed to hook up a reactor—that developed at the University of Chicago by the late Dr. Enrico Fermi. Today, 80 distinct ways exist, not all practical, of course—but all possible.

Labor, particularly skilled labor, has a vital role to play in the peaceful development of the atom. Labor-management relations on atomic projects to date have not been uniformly happy, a fact recognized by both management and labor.

Here, in the words of Andrew J. Biemiller, legislative representative of the American Federation of Labor, is the labor view of the atomic future:

"The AFL, in official policy declarations, has made clear our belief:

"1. National security must come first in any legislation affecting atomic energy.

"2. Development of atomic energy for peaceful civilian uses must proceed as promptly as possible but in an orderly and equitable manner for bringing maximum benefits to all our citizens.

"3. Private industry has a vital role in this development but our



government must be in a position to prescribe necessary terms and conditions for this participation.

"4. Maximum safeguards against monopoly must be created.

"5. Free collective bargaining must accompany the introduction of free competitive enterprise."

The financial world will feel increasing effects from peaceful atomic development. Gordon R. Molesworth, atomic energy consultant to Harris, Upham and Co., says that although this effect has been most



obvious in the stock market, the most significant effect over the next decade may be the need for capital to finance new facilities.

Mr. Molesworth points out that the speed of our peacetime atomic progress may depend considerably upon the availability of adequate financial resources.

He adds:  
 ▶ "There will also probably be many situations in which atomic energy threatens to outmode the products or processes upon which a business enterprise depends. For example, plastics, strengthened and made more heat-resistant by irradiation, may replace other materials in many familiar products, and manufacturers of such products who cannot shift to the new materials will be out in the cold.

▶ "Although nuclear progress will actually put few companies out of business, many will be affected adversely, especially if they do not move to adopt whatever nuclear technology applies to their particular industry. The investor and the banker, for this reason, should put a premium on aggressive management and will keep abreast of developments in this dynamic field."

Dr. Glennan sets this keynote for the future:

▶ "The stakes have never been higher, because what is really at stake here is the American system of free competitive enterprise. There are not only opportunities ahead to be recognized. There are challenges to be faced, problems to be solved, dreams to be dreamed, risks to be taken and work to be done. These challenges must be shared by all who would participate in this great new field with its demonstrated potential for destruction and its beckoning horizons for the material betterment of all mankind."

END

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## You Can Have Better City Government Free

(Continued from page 39)

sioners and department heads have the common human interest in getting credit for the work of their own departments. Therefore, if a difficult problem in a department is worked out through a subcommittee's efforts, the Advisory Council cannot take the credit. To do so would be to lose the friendly cooperation of the department head in the future.

A typical example of this confidential relationship is found in the dealings of David E. Lilienthal's Subcommittee on City Management and Administration with Dr. Luther Gulick, the City Administrator whose job is to coordinate the work of most of the agencies under the mayor's jurisdiction.

"When Mr. Lilienthal and his management experts sit down with Dr. Gulick and his aides, they talk a language all their own," said one insider. "They've accomplished a great deal that nobody ever hears about."

At City Hall, though, everybody from the mayor on down is aware of the contribution that the Advisory Council is making to policy planning.

"A distinct innovation in New York's city government has been brought about through the wide use of these citizen advisers," said Mayor Wagner. "The talents of such leaders and their vast experience have been heretofore an untapped resource of the city. Not only is the city now receiving the benefit of the views of these citizens and the groups they represent, but the policies which we have sought to put into execution have reflected the views and desires of the community as a whole. This administration not only accepts the aid of leaders in industry, finance, labor and social services, but has actively solicited and profited by such aid."

Dr. Gulick, a nationally known authority on municipal management, is also outspoken in his praise of the Advisory Council.

"New York City is fortunate," he said, "not only in having men and women of great ability in the world of business, finance, the professions and social activities, but also in their extraordinary readiness to serve the town. The Advisory Council's subcommittees are a device by which these abilities and this civic spirit are channeled into practical community action."

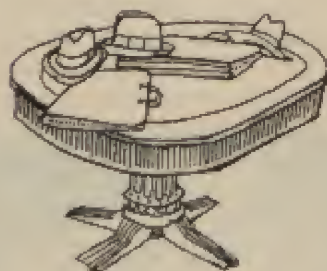
The reaction of the press to the Advisory Council's work was summed up by *The New York Times*

in an editorial commenting on the Council's fiscal proposals. Said *The Times*:

"The origin and composition of the Mayor's Advisory Council are such that advice coming from within its ranks cannot be dismissed as partisan or political. The mayor must have confidence in its judgment; he can do no less than give the most serious consideration to its counsel as directed toward making his administration a success by doing what is best, in the long run, for New York City."

The Advisory Council is determinedly nonpolitical. It operates on the late Mayor Fiorello H. LaGuardia's principle that "there is no Democratic way of disposing of garbage, and no Republican way of cleaning the streets."

"When I went after people to serve on the Council," said Chairman Straus, "I didn't ask them about their politics. I was interested only



in whether they had ideas to contribute on how we could deal more effectively with city problems."

Because of the presence of high officials of the Democratic Administration, some critics at the outset dubbed the Council "a New-Fair Deal outfit." But the Council's nonpolitical approach to municipal affairs has silenced that complaint.

Chairman Dowling of the Business and Finance Subcommittee, a Democrat himself, gets a laugh out of talk that the Council is dominated by New-Fair Dealers.

"If our subcommittee split along party lines, I'd be out-voted about 3-to-1 on every issue," he said.

Could other cities adopt the Advisory Council idea successfully? This question is put to Mr. Straus more and more frequently. His answer is an emphatic yes.

"I think the idea is adaptable to almost any city," he said. "While there is a wider selection of talent in a place the size of New York, every city has high caliber men and

women whose advice on city problems can be extremely useful."

Recruiting an Advisory Council is not nearly so formidable a task as it may seem at first glance, he says.

"I didn't have to hit anybody over the head and kidnap him. Fewer than a half dozen of the people I asked turned me down. In fact, when the newspapers carried stories that we were forming a citizens' group, we got telephone calls from several prominent New Yorkers volunteering to serve."

An Advisory Council can function on a small budget and with a small staff. The city sets aside \$30,000 for office expenses and salaries for a staff of three. There are two stenographers and an executive director—Mrs. Edith Alexander, a native New Yorker, who came to the Council after 20 years of city service in responsible executive positions.

"You don't need a big staff and you don't need a lot of money," says Mr. Straus. "But there is one thing you do need: cooperation from City Hall. You need somebody there who is willing to listen to advice and has the courage to act on it, despite political pressure, when he believes it is right. The Advisory Council members must be convinced that their ideas are welcome and that the mayor will give them a fair hearing. If this assurance is lacking, then nobody worth his salt would serve on the Council for a minute."

If he were doing it over again, Mr. Straus would make some changes in the Advisory Council setup, on the basis of his experience during the past year and a half. For one thing, he would hold down the size of the subcommittees to between seven and ten members (some subcommittees now have as many as 20). Large subcommittees, he feels, are likely to become debating societies and ultimately defeat their own purpose.

For another, he would have two subcommittees working in the important field of education—one specializing in elementary and secondary schools, and the other in higher education. Mr. Straus believes that when one group is assigned to cover all phases of education, there is a strong tendency for it to concentrate on the particular field in which the chairman is chiefly interested.

How can a city hope to benefit from an Advisory Council such as New York's?

"I think at least two worth-while results can be expected," says Mr. Straus. "One is to bring about more efficient city government. The other is to give the citizen a sense of closer contact with and influence upon city officials, which in turn makes him a better citizen."

END



## 1,000 Red Army Vets Train GI's

(Continued from page 56)

objective would be a wedge dividing Russia and Asia, the objective point of which would be in the industrial areas flanking the Ural Mountains and the cutting of the East-West rails. The men do not speak of the atom or the hydrogen bomb. It is a horror beyond their comprehension.

"Afghanistan and Azerbaijan, too, would be good ways over which to fly, but the terrain is very bad," another told me as he gazed at the map. "And terrain not so damned good other places either," he added.

"These men," said Sergeant Clyman, "actually have little in common but their violent hatred of communism and the belief that the Turkestani, Khazakistani and Uzbekistani—all the southern peoples—would be our best friends in any attack against the north. They are religious and proud, whether they are Greek Orthodox or Moham-medan—and they hate communist Russians."

Andre Moskva is a Ukrainian born in the Kiev Oblast in 1928. He bears his false name (meaning Moscow) with a grim spite—there is little more hateful to him than a Muskovite. When he was born in 1928, one of three children, his father had his own prosperous farm. "As a peasant on the collective he now works twice as hard for a fourth as much." Andre sat across from me in the uniform of a sergeant in the Russian Armored Corps which he had worn that morning for some movie shots. It was neat and well made.

Sergeant Moskva was in the Soviet Army from 1949 to 1952 in an antiaircraft battalion stationed near the British Austrian Air Base at Schwechat in Austria. A slender, nice-looking young man, he had already had 110 hours of military training in public school before, at 19, he was drafted for a nine-year hitch—the regular length of active and reserve service for an antiaircraft battery. I asked him to describe the typical Red soldier—the subject, incidentally, of a fine film the unit has put together.

The net picture one receives of a Red soldier is of a good, stubborn, well disciplined man with both courage and head. His pay is roughly \$8.00 a month, rising to \$160 for a second lieutenant. He is, however, the product of a brutal way of life, deficient in the most elementary aspects of personal hygiene. Though his equipment is good, he is, in general, a poor shot. But there are a few excellent marksmen in every regiment. He is trained for mass close

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combat. He loves grenades and bayonet work. He lacks initiative because he has been trained always and endlessly in team tactics. Squads remain together throughout training and on into combat as units. Without the team, he tends to break up.

He has had 64 hours of political indoctrination in his first eight weeks of basic training and the constant dinning of communist propaganda continues throughout his military life. He is saturated with anti-Americanism, but he is moody and often desperate because even the most rudimentary intelligence gives him an animal-like, instinctive warning of deception, and he has lived his life in a constant atmosphere of deception and espionage. He is, therefore, an efficient soldier, as such, but with no spiritual core to hold him up.

Sergeant Moskva defected for several reasons. Although he has a brother, sister and father who are back on the collective farm there is little, if any, family—or family unity—left. He has a fondness for his father, but the father has been broken by the state. One gets the impression that the other two—well, who knows? Or, perhaps, who cares? Life in the Red Army was a terrible diet of propaganda, grinding work and poor food. Sergeant Moskva is astounded by the amenities in the U. S. Army.

"They—I mean, we—live like nobles! In the Red Army the food was not bad in the summer when we had crops to take, but in the winter it was kasha, kasha, kasha—and then some more kasha with perhaps a little bit of meat in it." Kasha, it seems, is a sort of gruel not unlike lumpy plasterers' paste. "On pay day there was a longer line at the soldiers' store—you cannot say it is like a PX—than you find for a free beer in the U. S. Army. They were waiting to spend a month's pay on food like they give away every day, every meal, here. And then you ask about beer. In the Red Army since Vasilevsky was Minister of War in 1950, a soldier gets one to three years in a hard labor battalion if he is found drunk. There is no chaplain in the Red Army—it's the MVD man who punches your ticket."

He took a long time answering my question as to possible help from the Russian people in case we ever had to go in on land. Finally he said: "When things are good, people do not dream, they enjoy; when things are bad they begin to hope for other things. Now they hope for release by the West. They will help us—I think so."

Corporal Klaus Gorki comes from the Caucasus where, he thinks, he

may still have a mother and sister. His father, a civil engineer, was arrested in 1933 and no one has heard of him since, even though they journeyed and searched far and wide while the little money lasted. Then his mother went into daily work. When he was about 16 he joined what is known as a railroad battalion—a sort of Hitler *jugend* type of specialized labor shock troops.

Corporal Gorki has a husky voice, stiff brownish hair that grows forward to give his crew-cut an odd look, but his brown eyes behind their glasses are quick, appraising and intelligent. He was captured near Rostov by the Germans and eagerly joined the Wehrmacht—anything to escape the unending drudgery of railroad roundhouses from Odessa to Tashkent. He was captured again, this time by the Americans in Italy. Although he was among those demanded by the Soviet repatriation squads, in ways best known to himself he avoided this death sentence to become a stateless man in Hamburg, Germany.

It was while canoeing on the wa-



ters of the Alster that he met his wife, also stateless, but once from Lithuania. Although they were married, his papers were not in good order and he will be unable to bring her to the U. S. until he gets his citizenship in May, 1958. He wistfully showed me an air mail letter from her in small, fine-lined handwriting the day I was talking to him in the film unit's improvised theater where he is now projectionist.

Sergeant Vladimir Warshovski is a nervous, but quietly defiant young man of 26 who looks somehow younger. He could be. His records are somewhat confused. He comes from near Frunze in Khazakhstan, a country of wild, dark people whose men wear the little embroidered skull caps called *droppes* and the young girls wear ornamental head-dresses over their many braided black pigtailed which are bound into one or two when they marry. But Warshovski has a thin, red and white face, blond hair and blue eyes with a curiously oriental slant to them; his thin nose and slightly prominent lower face are at once sensitive and

sullen. Sergeant Warshovski has not had an easy time and still instinctively expects rebuff and cruelty from life. He has no real memory of parents; his father disappeared about 1932. That could mean anything. His mother died a few years later. He lived rather vaguely attached to some sort of catch-as-catch-can relatives. He worked sporadically on the railroads that only sometimes ran.

To understand Khazakhstan, you must realize that it is within a couple of hours flight south to the point where Afghanistan, Pakistan, India and China impinge on the craggy lands of the Tadzhiki—the most southeasterly of the Russias. But, as man moves across land, it would take weeks to traverse the craggy, broken terrain.

"In 1947 we go to Moscow," he told me. "We are four. We have two tickets. It is difficult for four to travel from Tashkent to Moscow on two tickets. We are my aunt—I think—who works in Economic Institute, her girl friend, her girl friend's boy friend. We are all the same age, all very jolly. But so difficult for four to travel from Tashkent to Moscow on two tickets."

Moscow he found fascinating, at first—but, "When everybody is *petchalni*, (an indescribable Russian gloom so intense that it brings with it its own happiness—like scratching poison ivy, and to hell with it), so I am *petchalni*. If all around are happy, I am very happy. In Moscow is much *petchalni*."

But also in Moscow was the first time he had heard either the BBC or the Voice of America. Surprisingly, even in the heart of Moscow, some do listen in secret over stolen German receivers. The news flies by word of mouth—and no greater transmitter of news exists than the "taksi" drivers. He heard all those ridiculous lies about how people lived in the West, but, being a fairly practical man, he of course did not believe any of that stuff. It was obviously too unrealistic to be true. That is, not until the Army took him from the blacksmith shop and sent him to a post not far from Vienna.

There again he heard the radio—this time it was Radio Free Europe. And Vladimir Warshovski thought quite a while and looked about himself and he, too, saw people who were relatively happy and free to move. "I think. I think, Vladimir, if they speak lie about Austria then they speak lie about England and America." It becomes two in the morning. I take ten Austrian shillings and take train to Vienna." Simple as that.

He rose to go, then turned back



thoughtfully. "In 1917 there is big travel from Kiev to Turkistan. I think my people come then." He shrugged. "I do not know. But in Frunze people hate Russian, but hate communist nobles more."

From others I learned that in the great south central Asian lands from Turkey to the Afghan border the Soviet communists have left a purposely intellectual void. There is little literacy until you get as far north as the new industrial areas bracketing the Urals.

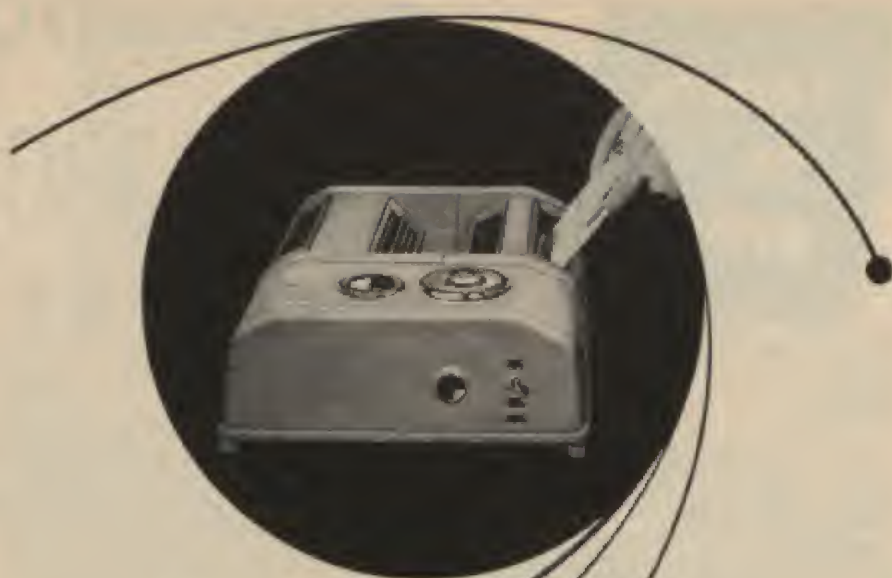
Alexie Lublin, too, is careless about his name—as careless as his parents were about him. He was orphaned, he doesn't know just how, in either Smolensk or Sverdlovsk. (Smolensk is about 100 kilometers west of Moscow; Sverdlovsk about 1,000 kilometers east of Moscow). Alexie has been quite a traveler. He has observed life everywhere except the Far East and Far North, both of which places he felt would be bad for his health. The farthest east he got was Irkutsk, down China way, on the shores of Lake Baikal, the greatest lake in all the Russias. Most of this travel was accomplished in the fascinating company of his "tutors," who were young gentlemen of similar loneliness "always looking for just a better place to live." His shrug was expressive.

He and his fellow wild boys had their travels either on the rods, or the roofs, of the trains. They learned much about the Russian rail system, the habits of the guards in various provinces—and where and when to steal most effectively. He brings to the U. S. Army knowledge of routes and locations of public works in many parts of the world where the ordinary traveler is not today encouraged.

But this husky, good-looking young kid with the quick shallow smile, which, coupled with a fast duck and nimble footwork, kept him from more and worse beatings, is the same kid who quit the Red Army because he just caught them lying to him about the people of the West. Now he seems to like it here in the U. S. Army because he believes he's getting a straight deal for the first time in his life. What he sees adds up with what he is told. To a wild boy, this evidently means a lot. He hasn't even given a thought to a wife yet. Truth—truth all around you—is still too astonishing a mystery to leave for women just now.

"He'll adjust," says Sergeant Clyman, "Just wait. It takes time after so many years when theft, death and a savage life meant no more than the next bottle of beer or a stolen loaf of bread."

END



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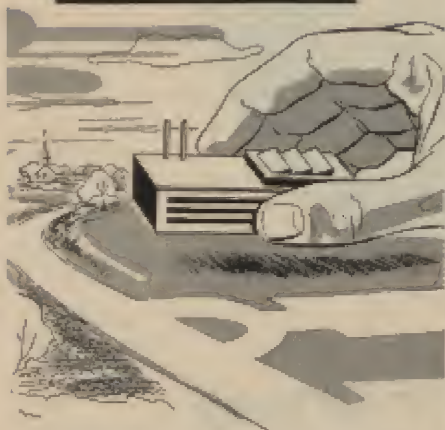
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# SANITATION NEEDS:

## \$25,330,000,000

### BY '65

To provide for adequate sewer and water facilities would require almost doubling the current record spending for ten years **By KENNETH W. MEDLEY**

AMERICA must spend \$25,330,000,000 in the next ten years to catch up on water and sewer needs.

This will require an average of \$2,533,000,000 a year, compared to an anticipated record sum of \$1,347,000,000 to be spent this year.

The backlog of needs already stands at \$10,000,000,000 although all our water and sewerage utilities have spent \$7,466,000,000 in the past ten years.

These are the findings of Walter L. Picton, Deputy Director of the Water and Sewerage Industry and Utilities Division of the Business and Defense Services Administration, an agency of the Department of Commerce.

The Division, headed by Charles W. Krause, has been studying these problems since 1953. A series of reports will be issued this year.

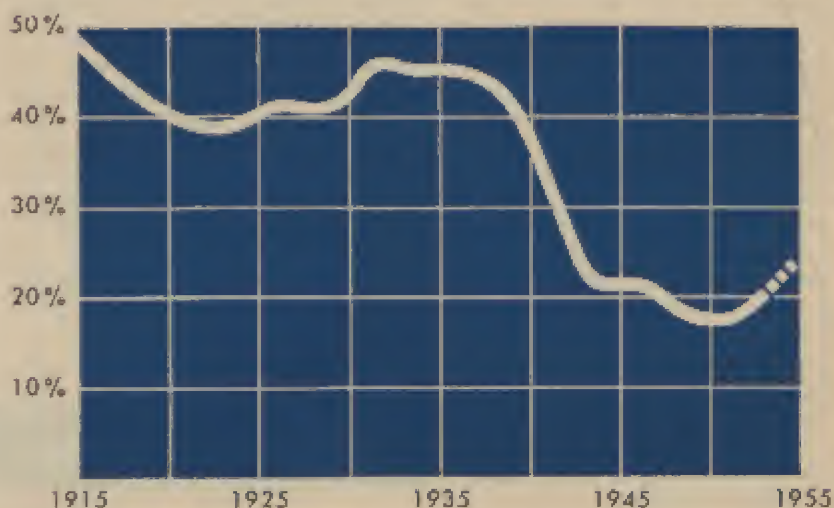
Under a catch-up program out-

lined by Mr. Picton, an outlay of \$2,533,000,000 a year would provide adequate facilities by 1965. Specifically, the ten-year program would do these things:

1. Make up the large backlog.
2. Perform the necessary construction to offset obsolescence and depreciation.
3. Keep pace with population growth and the increasing per capita use of water.

Of the total for ten years, \$10,000,000,000 would go to correct present deficiencies; \$6,230,000,000 would be spent to offset obsolescence and depreciation, and \$9,100,000,000 would take care of growth.

The backlog of needs actually started about 1940, Mr. Picton says. Here's how he determined that: The replacement value of public systems, divided by the number of persons



*Plunging line shows how reserve water capacity has diminished since 1940. Some communities today have no reserve capacity. In 1940 few plants operated with lower than 20 per cent reserve and the national average was near 40 per cent, which experts say is desirable*



served, remained rather constant from 1915 until 1940, with only a slight downward trend. Value began to drop after 1940.

Figured in 1954 dollars, the per-user replacement value was \$249 for the water systems available in 1940. Today it is \$213. The difference, \$36, is the amount required to bring service back up to 1940 standards.

A similar thing has happened in the sewer department. The 1940 per capita replacement value was \$244, down now to \$198. The difference, \$46, represents the cost of re-establishing prewar standards.

Standards for sewage treatment, however, have been rising. Today two thirds (compared to less than 60 per cent in 1945) of the sewage that is handled by the nation's 12,000 systems gets some treatment, although about half of the treatment is inadequate. But, because the kind of treatment sewage got in 1940 is no longer good enough, the sewerage systems of 1965, according to the division's estimates, will have to be worth \$259 per capita.

The amount of sewage handled is also increasing. Some 72,000,000 persons were served in 1940 by systems which handled an average of 124 gallons of sewage (including industrial waste and some storm water) a day for each person served. About 98,000,000 persons are served today and the daily average has increased to 155 gallons.

Ten years from now, the division predicts, at least 115,000,000 people will be served by plants that will handle an average of 190 gallons for each person.

Statistics on water use reveal a similar increase in standards. In 1940 some 82,000,000 persons took an average of 123 gallons per person per day from public water supplies. Now 109,000,000 persons each use 151 gallons of water a day, including industrial use.

By 1965, according to the division's estimates, public water systems will be serving 129,000,000 persons 190 gallons each daily. About half of today's customers are served by inadequate systems, according to the U.S. Geological Survey. The country has some 16,000 public water systems.

Total replacement value of the nation's public water works today, Mr. Pieton says, is \$22,765,000,000. To be adequate by 1965, they will have to be worth more than \$32,000,000,000. All the country's sewerage systems today are worth \$19,370,000,000. By 1965 the value will need to be \$29,000,000,000.

Let's look at the two together. Sewerage and water works today are valued at more than \$42,000,-



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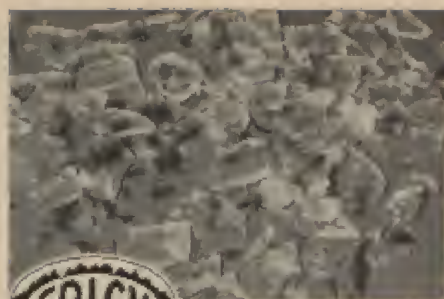
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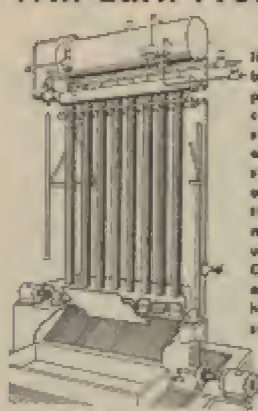
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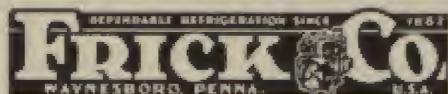


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000,000. To meet requirements of 1965, the systems will have to be worth \$61,000,000,000.

Where's the money coming from? That's the big question. Let's look at some of the suggested possibilities.

Water and sewerage plants are operating with the handicap of higher costs without much increase in income. The cost of building and operating plants, for example, has gone up nearly three times since 1940. Water rates, however, have gone up only 20 per cent.

Water plant income for the past year, Mr. Picton says, probably is about \$1,180,000,000. If the rates were to be increased about a third, he says, the debt for expansion could probably be paid off in 30 years.

The solution for sewers is more difficult. Most are not now self-supporting. The cost of financing is often paid by tax collections. For the sewers to pay for themselves would first require establishing a user fee. Some localities have done this.

Perhaps overshadowing the urgency for long-range planning, in many communities, is the demand that something be done immediately. This often leads to temporary solutions that prove costly later.

As for 1955, the outlook is grim. Hot weather will bring many headaches. Not all will be new. The U. S.

Geological Survey in 1953 found that 1,072 communities had to curtail the use of water.

Estimates are that approximately the same number of communities suffered from water shortages last year. The hot weather of 1955 will bring back the same problems.

Municipal water shortages, however, cannot be blamed entirely on drought. The Geological Survey found three reasons: inadequate water supply, inadequate treatment facilities, and inadequate distribution facilities.

Examples of inadequate facilities are everywhere. A small town in Illinois has a reservoir, only 20 years old, which is nearly filled with silt.

In many communities the water and sewer mains installed for suburban growth have been put in place piecemeal. Regulations often did not exist or were ignored. In one town, for instance, a sewer main was found recently to be 12 feet underground at the beginning of a subdivision and only four feet underground on the outskirts, a few blocks away. The system was installed a little at a time, as the subdivision developed, and each builder had placed the pipes closer to the surface. Now that a further extension of the lines is needed, haphazard installation is causing many problems. **END**

## Reds Take Dead Aim at Thailand

(Continued from page 42)

aid farmers in the adoption of mechanical farm implements and new fertilizers.

### How receptive are the Thai to new farming methods?

On the whole, the Thai farmer is much more open to adoption of new methods than are most other Asian peoples. The Thai farmer is not bound to traditional methods of cultivation and in fact one of his criticisms of the present government has been its failure to provide improved farming technology.

### What is the weakest phase of Thailand's economy?

Undoubtedly its extreme dependence upon its rice trade and the lack of diversification of its agriculture. The urgent postwar stress upon rice production has led to the neglect of other crops.

### What is being done about it?

The main effort has been to push production of Thailand's three other major commodities—tin, rubber, and teak—and to formulate plans for increasing the output of minor products such as vegetables and veg-

etable oils, sugar, fruit, sticklac, shellac, poultry and fish.

While tin, rubber and teak have all made substantial production gains in the postwar period, sales abroad have been hampered by government royalties and duties on exports. Progress toward diversification leaves much to be desired.

### Does Thailand need any considerable economic assistance by the U. S.?

Definitely. The country must modernize and strengthen its economy if it is to continue to enjoy its standing as the most stable and prosperous country in Southeast Asia. It needs military and economic assistance if it is to bolster itself against communism.

### Is private American investment wanted?

Thailand has been cautious about private foreign investment. Foreigners cannot own land and the law requires that 51 per cent of a corporation's stock be of Thai ownership.

### What industry does Thailand now have?

Thailand is an agricultural, not an





WHILE in the United States, Phibul Songgram, Prime Minister of Thailand, answered these questions asked by NATION'S BUSINESS:

**Do you believe that Thailand has enough strength to avoid falling to communism?**

Thailand has sufficient strength to maintain security within her own territory. Around Thailand there are communist disturbances, but Thailand has outlawed communism. When people are contented and happy and have plenty of food that is a strong factor against communists taking over. Thailand has a food surplus.

**How imminent do you consider the threat to invasion?**

I believe so long as we keep strong and vigilant invasion is less likely. That has always been the case everywhere.

**What is the significance of the Thai Autonomous People's Government?**

The Thai Autonomous People's Government is a stepping stone for further aggression. I believe this operation may be a spearhead. It constitutes a preparation for further action.

**What precisely stands in the way of new open aggression by Red Chinese in Southeast Asia?**

I believe it is the unity of the Free World and the creation of the South-east Asia Collective Defense Treaty. If we stick together I think it will deter aggression; but, if we split, the danger increases.

industrial, country. Its population is overwhelmingly rural, not urban.

Thailand's industries are directly related to its natural resources: sugar refining, tobacco products, cement, alcoholic beverages, teak, leather, textiles, tin mining and rice milling. For the most part these are either government owned or government supervised.

**Could the country be further industrialized profitably?**

Due to its geographic position and



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Ancient ritual, left, has been discontinued. Bowing salute is now customary. King Phumiphon—born in Cambridge, Mass., where father studied medicine—and Queen share interest in music. He plays sax



BLACK STAR

natural resources, Thailand must continue in the foreseeable future to be an agricultural rather than an industrial country. Its standard of living, while high by Asian criteria, could not support manufacture requiring a domestic market with high buying power.

Other obstacles to increased industrialization include the Thai temperament, the lack of adequate communication and transport, the priority which agriculture holds on capital, import restrictions, and the absence of managerial and industrial skills.

There are some possibilities—such as mineral extraction and the resuscitation of prewar attempts at tin smelting and the mining of hematite ores for the production of pig iron and steel. Yet Thailand's modest industrial development must be in the direction of increasing its services, such as transportation, and the processing of its natural resources.

### How stable is the present Thai government?

The present government is the result of a sequence of events which began in 1932 when a group of dissatisfied military officers and western-educated intellectuals joined forces in a bloodless coup which replaced an absolute monarchy with a constitutional monarchy of western democratic design. Young King Phumiphon is the reigning monarch.

The military clique was led by Phibul Songgram, now Prime Minister, while the civilian intelligentsia was headed by Pridi Panomyong

who, with a number of his followers, is now in exile in Red China. The subsequent history of Thai politics is largely a contest for control between these two groups.

The three subsequent coups and numerous changes in administration, including four constitutions, were with one exception nonviolent and in no sense represented popular movements. The majority of the population has been totally uninvolved. In Thailand there are no political parties based on popular followings of different political platforms. There are only cliques centered around individual personalities.

Thus the government's past instability is more apparent than real. It always involves the same forces with different power alignments. Each new administration has been willing to assume the responsibilities of the previous one, with the result that Thailand's political history actually has considerable continuity in its foreign and economic policies.

### Is the government corrupt?

The present regime has been described as an enlightened military dictatorship. It is strong, arbitrary, has given the country prosperity and order, but like the administrations preceding it, it has made little progress toward the democratic goals professed by the *coup d'etat* of 1932. The usual justification given by the regime's loyal supporters is that Thailand needs above all a strong government, and that the people are not yet prepared for complete democracy. And the Thai themselves



are the first to tell you of the corruption and graft in high places.

It is also frequently pointed out that American aid seems to have consolidated the power and hence the objectionable aspects of the ruling military group, thereby retarding the cause of Thai democracy. There are signs, admittedly incipient, that the government may be more mindful of the need to clean its own house. The government appears to have become more receptive to the forces of public opinion and progress is being made to improve administration.

**Is the present government favored by the people?**

Among the country's small middle and upper classes, the most general attitude is one of mixed feelings. They feel the need for a strong government and are impressed when they compare their present situation with that of nearby countries.

But they are disturbed by the government's corruption and high-handed methods. All of this, it must be remembered, is heavily conditioned by a traditional submissiveness to constituted authority. The great affection and loyalty to King Phumiphon is an attitude apart from their sentiments concerning the ruling clique.

On the whole, those who have any political awareness at all, while disliking certain features of the present government, seem willing to go along with it for the security it can bring. In any case, popular concern to the point of action seems wholly unlikely. And it is equally unlikely that the call of Pridi from Red China will have any popular appeal. His Peiping sponsorship, in fact, has probably lost him any support he may have had among the Thai who oppose the present regime.

**What do Thailand's neighbors think of her?**

The newly independent nations of Asia regard Thailand as indifferent to Asian aspirations and feel that while Thailand is geographically situated in Asia, it is not a part of Asia psychologically and politically. These countries, emerging from colonial experience and flushed with an emotional nationalism, must necessarily view the world in terms very different from Thailand. They protest that Thailand does not act like an Asian power and are annoyed by Thailand's adoption of a pro-western rather than a Pan-Asian stand.

What these countries are saying, of course, is that Thailand has not shared in their fight against colonial domination and is not faced with their problems.

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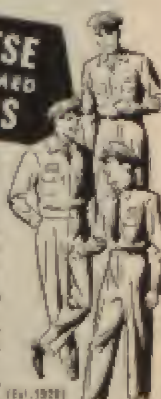
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## Labor Builds Political Power

(Continued from page 30)

duties and functions of a union's administrative personnel are numerous and ill-defined. It is easy to transfer men and women from one type of work to another. Since many union officials are organizers and public speakers engaged full time in persuading masses of potential members to follow their policies and instructions, it is obviously easy to convert, or shift, them from union to political organizing. In fact many of them are constantly being used in that way.

Whether such uses of a union's resources promote a member's interests or whether they are so employed with his consent is another

matter. As unions are run in this country, the important political decisions are made by the union officialdom which also disperses the union's funds. There is good reason to believe that much union political activity is against the law because the Taft-Hartley Act, through an amendment of the Corrupt Practices Act, prohibited the use of union funds in national primary and election campaigns just as it prohibited such use of corporate funds. But this, like other labor laws, is either unenforced or unenforceable. Hence, the union movement has at its disposal a ready-made and expensive administrative machine which it can, with impunity and without consulting its members, employ in politics with increasing effectiveness.

The achievement of unity among the separate national unions is a development which the public can ill

afford to regard with indifference or equanimity. Merging and unification are no more than the latest stages in a process of the accumulation of power by private organizations. Less than ten years ago, when the AFL and the CIO seemed to be hopelessly and permanently divided, Congress passed, over the President's veto, a revised statute, the Taft-Hartley Act, whose principal purpose it was to curb the growing power of labor unions. Since 1947, when that law became effective, union membership and the authority unions arrogate to themselves have continued to grow. It is one of the puzzles of our recent political and legislative history that a community which has traditionally been so sensitive to the threat of power in private business should appear so indifferent to the rise of a still greater private power in organized labor. **END**

## YEAR OF LABOR VIOLENCE?



WM. KUENZEL, MIAMI HERALD

In number of strikes and number of man-days lost, 1954 was the lowest postwar year. Scarcely a ripple of violence disturbed the labor scene. By contrast, 1955 started off, not only with a vastly increased number of strikes and man-days lost—but with violence as well.

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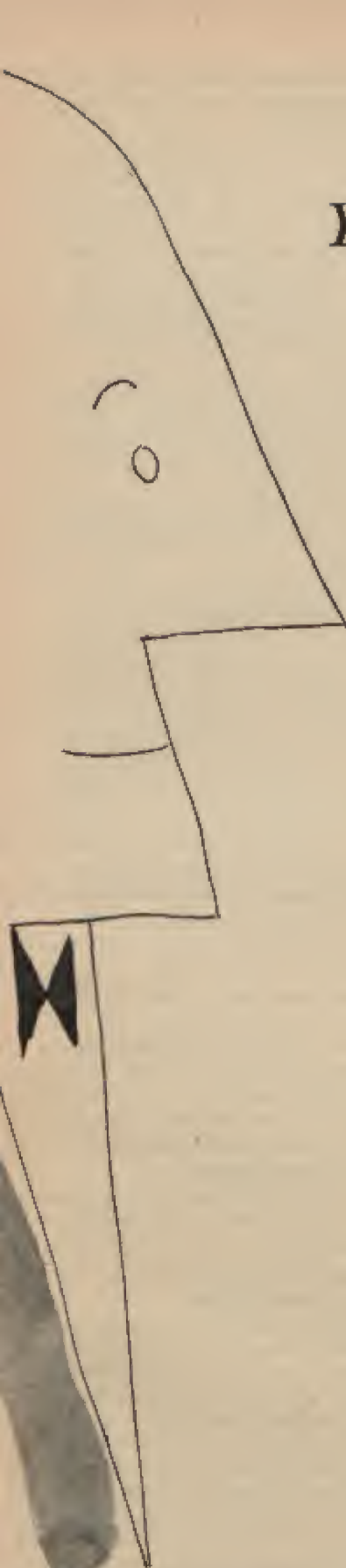
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Workers riot at Lake Success, N.Y., plant of Sperry Gyroscope.



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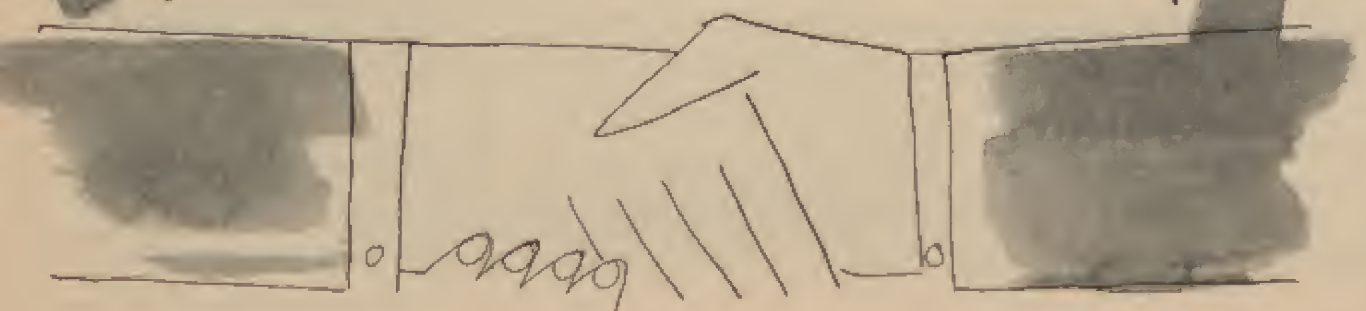
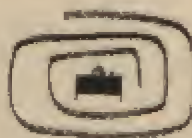
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# PEACE SECRETARY EXPLAINS HIS JOB



FRED J. HAROON

Today, perhaps more than at any period in recent history, the hopes of people everywhere are directed toward a just and honorable world peace. The United States took a step toward fulfilling these hopes when President Eisenhower announced **Harold E. Stassen** has been appointed as Special Assistant to the President on disarmament problems.

What is Mr. Stassen's new job as "Secretary of Peace"? How does he plan to cope with the admittedly complex issues of disarmament? Will the Iron Curtain countries cooperate in this important effort?

To get the answers to these and other questions, the editors of *Nation's Business* talked with Mr. Stassen in his Washington office:

**How would you define your recent assignment as Assistant to the President?**

President Eisenhower gave me the directive to develop United States policy on the question of disarmament. The policy I develop will then be recommended to him, reviewed by the National Security Council in consultation with Congress. Then the President will make his decision upon policy based on that report.

The President's statement in announcing the appointment indicated the magnitude of the problem and the relationship of this effort to the search for peace.

**Have you selected a staff or do you have an informal group of advisers?**

I have obtained from the Secretary of Defense the loan of three outstanding men, one army, one navy and one air force; from the Secretary of State, two foreign service officers; from the Atomic Energy Commission, one officer and from the Foreign Operations Administration, two. They are: Col. R. B. Firehock, USA, Capt. D. W. Gladney, USN, Col. B. G. Willis, USAF, Edmund A. Gullion, Department of State, Lawrence D. Weiler, Department of State, McKay Donkin, Atomic Energy Commission, John F. Lippman, FOA, Robert E. Matteson, FOA.

**Will you have any civilian advisers?**

We will consult with those who have special knowledge. I have asked for an early conference with Bernard Baruch, for example.

**Have you had any meeting with your special advisers?**

We spent a solid week in all-day and evening sessions going into the whole problem.

**How does one go about establishing a peace policy?**

You do the most thorough review of everything that affects it that you can conceive of. One of the things we have done is to check back through history and review every move toward disarmament or limitation of armaments or reduction of arms agreements and what happened under it; what seemed to be the causes of partial success or failure. We have also reviewed all proposals made since World War II; what has been said by leaders of various governments including the USSR and our own.

**Would findings determined by your organization be a basis for discussion at any possible disarmament conference?**

My report is to the President. If it



becomes policy of the United States through Presidential decision, it would be relevant to any international discussion that the United States might have.

**Will you work with the United Nations?**

Undoubtedly the United Nations will be involved at some stage.

**And the State Department?**

All Departments of the Government, State, Defense and the Atomic Energy Commission are most intimately involved in the subject. Naturally, one of the key backgrounds of the study is the fact that modern weapons have such tremendous power. On the one hand, this power makes this task more impelling. In another way, it makes it more difficult. At the same time modern weapons—by their very extreme nature—may open up the best opportunity in history for accomplishing real results.

**What do you consider the biggest factor standing in the way of disarmament now?**

At this time I don't want to prejudge our study in any way. I would not attempt to start defining the difficulties or the favorable sides.

**Do you have a deadline as far as your operations are concerned?**

No, we just plan to move forward promptly.

**Will your staff or advisory group study the effects of disarmament on the civilian economy?**

We will consider all aspects of the problem. It will include the economic side, the economic burdens, the productive requirements and nature of an arms program.

**Will you seek advice and consultation from our allies?**

The President's directive was to consider the views in the government and of the people of the United States and of other nations.

**But you are not going to work directly with the Iron Curtain countries?**

Well, we will consider their views. Agreement is obviously going to require an agreement between the communist area and the free world.

**How are these conferences with U. S. civilians going to take place?**

I think members of my staff might go out to consult with individual U. S. citizens and other times they might be invited to Washington for conference.

**Do you find any evidence that there is possibly an easing of tensions already?**

The President said he felt the prospect of peace is currently on the

upswing; he emphasized at the same time that no one can predict what will be a continuing situation. I think the nationwide and worldwide reaction to my appointment—you know the spontaneous characterization of it as Secretary of Peace—indicated the yearning and eagerness of people from many nations to find an answer to this dilemma.

**Would some of your staff study the problems of nationalistic movements?**

I would not think those specific questions would be involved in our study, only the broader implications that come from the worldwide situation, of tensions between peoples and struggle between the free people's and the communists.

**Would it be your responsibility to recommend any course of action where such conditions exist?**

As I indicated earlier, I would not want to prejudge what our recommendations would be in any particular.

**But would you make any recommendations?**

I would not prejudge that.

**Have you any religious leaders you intend to call upon in connection with this for advice?**

We have had quite a number of letters and also suggestions from religious leaders from our open invitation to send in suggestions and ideas. We will undoubtedly be conferring with some of them.

**With your background in Foreign Operations Administration, what effect would foreign aid have on the cause of peace?**

Of course, the attainment of a free world position of strength—military and economic strength—is the foundation from which you negotiate for an agreed position on disarmament. You cannot negotiate from a position of weakness, so the strength that has been attained through President Eisenhower's policy as a whole, including the mutual security partnership program, is in a way a prelude to this special effort.

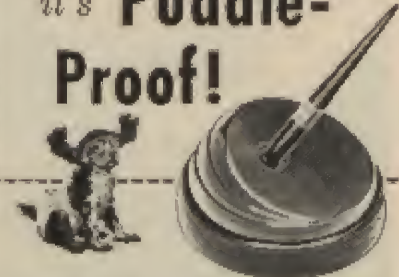
**In other words, you would not recommend decreasing such economic aid?**

No. For the economic and security future of the United States I think the program which President Eisenhower has just recommended to this Congress of a worldwide total of \$3,500,000,000 of which \$3.00 out of every \$4.00 will be spent in the United States and of which something over half will go for defense purposes, some for technical and economic and other cooperation, is extremely vital.

END

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FRED J. HAROON

## HOOVER REPORT: what it could accomplish

THE COMMISSION on Organization of the Executive Branch of the Government—popularly called the Hoover Commission—winds up its second tour of duty at the end of this month. The detailed information it has compiled and the recommendations it will make to reduce or eliminate waste and extravagance in the federal government are of vital importance to businessmen today.

For an up-to-the-minute report on the Commission's work, the editors of *NATION'S BUSINESS* talked with **Sidney A. Mitchell**, one of the present 12 commissioners, the executive director of the first Hoover Commission and former chairman of the Citizens Committee for the Hoover Report.

Here, in Mr. Mitchell's words, is what the Hoover Commission is doing—and hopes to do.

**Mr. Mitchell, about 70 per cent of the first Hoover Commission's recommendations were adopted. Do you expect a similar percentage to be adopted for the second Commission?**

I doubt it, for this reason: The first Commission went mostly into how things were being done and

not whether they ought to be done. This Commission is going into whether they should be done at all. Also, this time, we are not looking into any department as a department, per se, as we did last time. We have divided the work by subjects. Medical services, for instance, were considered together, no matter

who gives them, the Veterans Administration, the Public Health Services, or the military. There is a tremendous difference.

**Where do you expect these differences to show up?**

I should think that some of our recommendations in the medical field, notably as they affect veterans with nonservice connected disabilities, will have a hard time getting through Congress. I think a few of our recommendations for personnel in the Civil Service—a few, not a great many—would be difficult. I think we may have some difficulties with our lending agencies report, although Congress seems now to be turning toward the idea of mutualization as they have done with the Federal National Mortgage Association, for instance.

**How much would be saved if all the Commission's recommendations were adopted?**

It is terrific (see box on page 102). For instance, on food and clothing the estimate was something like \$340,000,000 a year, and the medical report estimated \$293,000,000 savings.

**Do you expect Congress to act on anything this year?**

No, I shouldn't think on much. It will mostly have to be next year. But here is an interesting thing. Many savings are already in effect. The Veterans Administration's closing of bakeries was publicized. So was the action of the Military Transport Service in turning military mail over to private carriers for an \$18,000,000 saving. There are many other examples of the same sort.

One of them is the coming report on paper work—that is, the investigation of the amount of material that businessmen have to file with government agencies, the length of time they have to maintain records, and so on. The task force hasn't even gotten its report into shape as yet, but one agency that required ten reports which involved \$5,000,000 or \$10,000,000, has agreed that seven reports should be discontinued and they are still arguing about the other three.

In handling the paper work report, a committee was formed in each industry affected by government regulations. The committee reported on the information required and the cost of preparing it. Then industry representatives and our task force discussed the situation with the Bureau of the Budget and the regulatory agency to discover whether the information really is essential. If they agree that it is



not, no future reports are required and the saving shows up immediately for both the government and for business. Consequently, when that task force report is made to this Commission, it will be a completed piece of business. At least we hope it will.

**Could most of the Commission's recommendations be carried out that way?**

Not most, but I'd say a lot. Some more could be done by executive order of the President and by re-organization plans. Others will need legislation.

**What recommendations does the Commission feel Congress should tackle first?**

It seems to me the one where the greatest expenditure is being made—and that is the Defense Department. I think that is what also is most disturbing to Congress and I think it probably would deserve priority.

**What would be the procedure there? Would the Commission's recommendations be considered by a Congressional committee considering Defense Department budget requests?**

They would also be considered in the Defense Department itself and in the Bureau of the Budget.

**The Defense Department has made some efforts, hasn't it, to get out of business competition?**

They have done a splendid job. They deserve encouragement. As of May 2 they have closed or intend to close 97 facilities in 20 categories of competitive activities. The whole Administration has been constructive. The Bureau of the Budget recently has been very active.

**Has the Commission received co-operation from the Department?**

Yes. In fact, everyone has been cooperative. Government officers know that we are not trying to find any dirt on anybody. We are trying to find out what obsolete legislation, for instance, results in inefficient methods and what can be done about it. We can suggest better or more effective ways of doing the job. We show up things they haven't had time to get into themselves.

**Have your studies developed any pattern as to how wasteful or extravagant habits grow?**

It might happen anywhere as it happens in some huge corporation where the top management just doesn't pay attention to details.

**Do you think that that is basically the explanation—that management is either not paying**  
(Continued on page 102)

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Read "Your Rich Old Uncle's  
Deep in Debt" Page 106

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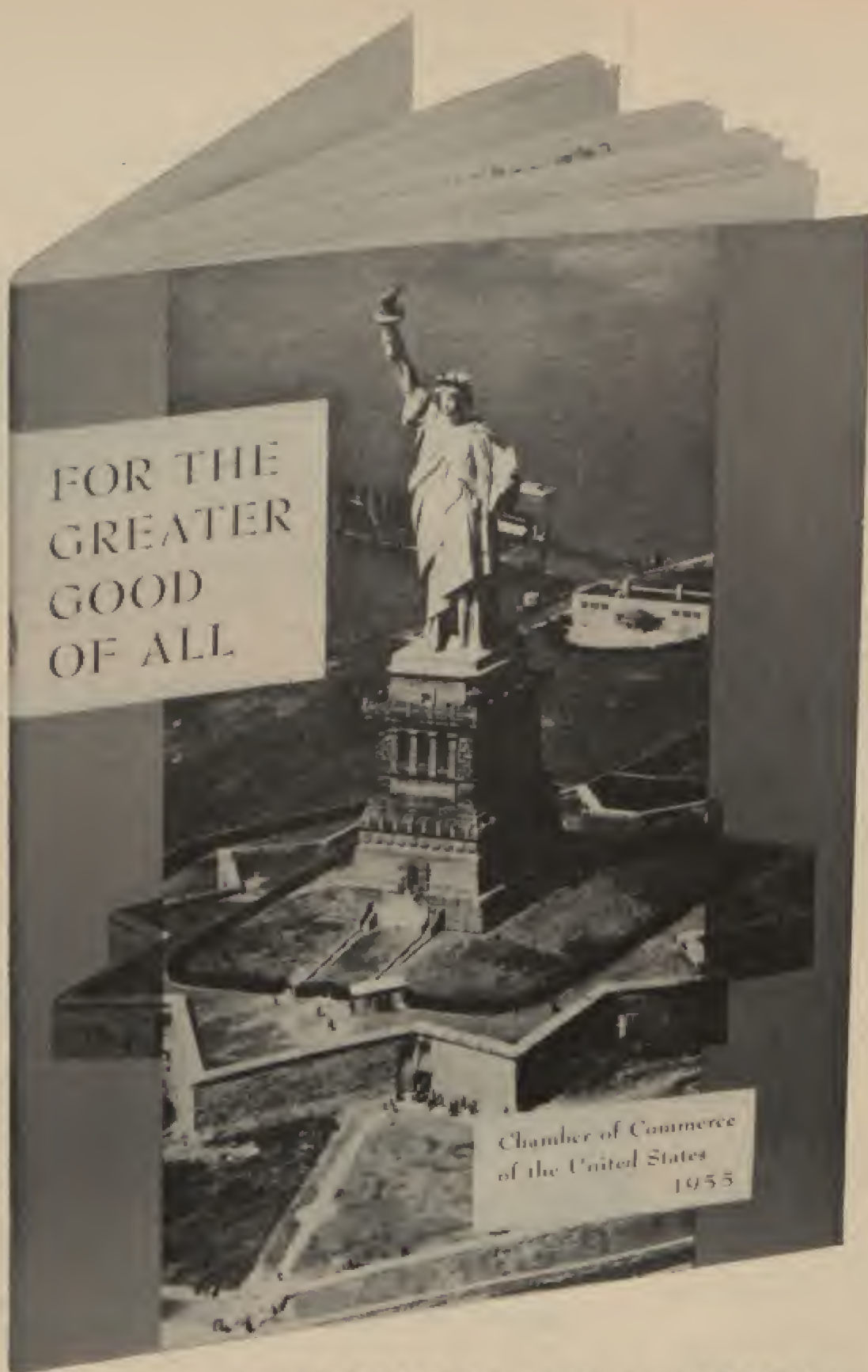
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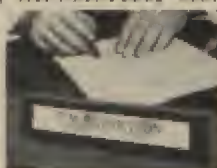
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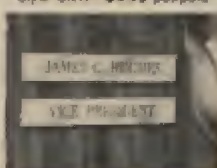
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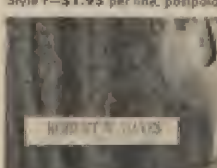
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**enough attention or is not  
equipped to handle the job?**

No, I think the top management is paying attention and is equipped to handle the job. No question of that. I think the whole problem here is fundamentally the lack of a profit motive. In business unless you are good at your job and successful at it you don't eat. Here, you can still keep going—people down the line, I mean—and eat.

**The Commission is not recommending that the government seek to operate at a profit?**

No.

**Or simply break even? In other words, keep the expenditures within the income?**

I am merely talking about the profit motive as an incentive, to be looking every minute for some way to save money and to do things more efficiently. I think that is lacking in all forms of government.

**What would you suggest as a solution to that?**

Some other incentive. At present, for example, look at the Performance Ratings. As I remember, about 98 per cent of the people are rated "satisfactory." The remaining two

per cent are rated "outstanding," or "unsatisfactory." Consequently, the rating doesn't mean anything. So, we have suggested the rating system be set up in a way to show the relative merits of the people.

Furthermore, employees should have some goal for their ambition such as a "Senior Civil Service" rating for career people. Workers with that rank would be available for assignment all over the government outside of the particular place where they have had their career.

**Is there any way for you to rate the government as a whole as far as efficiency is concerned?**

No, I think it varies a great deal. You can't rate it as a whole. In a sense, getting back to your question about a pattern for improvement in government, each of our task forces as a result of inquiry suggests a pattern.

**Has a task force recommended in any area that more money might be spent than less?**

Oh, yes, in research and development, for example. The task force is recommending strongly that the Department of Defense spend additional money and that additional money be spent on basic research.

END

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These sums represent potential savings from less than half of the full body of reports from the Commission due by the end of this month. Further reports are not expected to reduce the national debt much further, but the Commission's final report to Congress may double present recommended annual savings.

The following table shows the estimated savings to date, and the potential reduction in the national debt:

| Commission Report                 | Annual Savings<br>(Estimated) | Reduction in<br>National Debt |
|-----------------------------------|-------------------------------|-------------------------------|
| Food & Clothing                   | \$340,000,000                 |                               |
| Federal Medical Services          | 293,000,000                   |                               |
| Personnel & Civil Service         | 50,000,000                    |                               |
| Paper work Management<br>(Part I) | 255,000,000                   |                               |
| Transportation                    | 151,500,000                   |                               |
| Lending Agencies                  | 200,000,000                   | \$6,048,000,000               |
| Surplus Property                  | 25,000,000                    | 1,000,000,000                 |
| <b>TOTALS</b>                     | <b>\$1,314,500,000</b>        | <b>\$7,048,000,000</b>        |

Additional reports due from the Commission by the end of June include: Budget and Accounting, Intelligence Activities, Overseas Economic Operations, Procurement, Real Property, Water Resources and Power and Business Organization of the Department of Defense.



### Slides teach shop harmony

IN AN EFFORT to promote labor peace the Federal Mediation and Conciliation Service is sponsoring a unique audiovisual program.

The program involves the public showing of slide films which depict typical controversies which can arise in a plant and lead to serious labor disputes—possibly strikes. The films are accompanied by tape-recorded dialogue.

Since the program was launched last August, Service mediators have shown the films almost 200 times to audiences that have included management and union representatives meeting jointly or alone.

After each showing the mediator-turned-projectionist leads a discussion. Audience members suggest steps which the employee, steward and foreman involved could have taken to solve the problem.

The filmed sequences—six are now in circulation—were developed from actual cases by two mediators in the Service's St. Louis office. Here's a typical sequence:

A shop steward sees a machine operator working without a helper. The steward rushes to the plant superintendent and accuses him of violating a contract provision requiring the operator to have a helper. The foreman loses his temper. It develops that the helper was home sick, and the situation of working without a helper was a temporary one to which another steward had given his consent.

"This case," says a Service spokesman, "is titled 'Cooper's Helper.' We don't give the solution, just the situation, leaving it to the audience to discuss ways in which the dispute could have been minimized."

### Reprieve for a faithful slave

A MAN sat in his car at a Wisconsin grade crossing and watched a string of steam locomotives being dragged off to be cut up for scrap. The railroad had been completely dieselized.

Across the last tender somebody had scrawled "Funeral Express" in railroad chalk.

The man went home and wrote to his brother: "What passed was my boyhood and youth. Why couldn't they put them away under their own power, all black and shiny, all clean with small flags flying, men in the cabs, all garlanded with flowers like a picnic train. It was nauseating to see them clanking along like chained slaves, knowing that they once were cared for with loving hands and run by good and proud men, and talked about as though they were alive."

That man, and others who share his love for the gallant old steamers, will be glad to know that at least a few of them are being spared through the efforts of railroad men and citizens who remember. R. L. Simpson, vice president and general manager of the Soo Lines, has just given Stevens Point, Wis., the 4-6-2 (so-called because the wheels are arranged like this ooOOOo) which, since 1911 had pulled trains No. 17 and 18 through the town.

By public donation, the city raised more than \$1,000 to move the engine to a city park where it will stand in dignified retirement, guarded against vandals by a five foot fence.

Other Wisconsin cities, Menasha, Fond du Lac, Waukesha and Ashland among them, hope to save other old-timers to put in parks.

### Will they finally tax air?

IN JACKSON, Miss., the taxpayers have been predicting for years that it would happen, but when it did city officials were stumped.

A businessman set up some oxygen vending machines—two minutes of oxygen for 25 cents—and asked the city fathers what taxes he should pay on sales.

He learned that no one had ever determined what the tax should be on "the air you breathe."

The problem was passed along to higher authorities with the request that they rule on whether oxygen is merchandise. There is a tax on merchandise.

### Paterson builds brainpower

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This month we will mail to customers and friends all along our line 12,000 questionnaires ... to find out in what way we can further improve our service to you.

Fact finding of this nature is a continuing program with us, and we appreciate the well-considered, constructive suggestions received.

During the past year such "customer suggestions" have guided us in the successful innovation of many new facilities. To speed over-the-road shipments still farther, we have added a fleet of "Volume Vans." New refrigerated trailers now protect your "heat-sensitive" products in transit. Increased emphasis, too, has been put on LTL service. Several new terminals have been completed. A "claims counselor" service has resulted in fewer OS&D shipments.

All of these improvements have been spurred on by your ever-growing needs. It is our constant aim to improve always ... to give you the service you want—when you want it. We sincerely appreciate your helpful suggestions ... for they help us to maintain the finest motor freight transportation on the road today. May we hear from you often.





## SCHOOL'S OUT!

Who can forget that glorious feeling? Scrubbed faces sit in apprehensive silence, the teacher makes her tactful swan-song, report cards are distributed, the room buzzes for a moment. Then suddenly, the doors burst open . . . and the busy season for parents is underway. Your Chamber of Commerce knows it, too. For keeping these indefatigable juveniles occupied is an activity they're always willing to support.

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playgrounds, youth clubs and athletic teams are but samples of the kind of community projects these organizations stand for. They run the gamut of civic interests for grown-ups, too. Industrial planning, public building, air and stream pollution control . . . hospitals, traffic problems . . . the works! But these are projects which take everybody's cooperation. And you can't do a greater service for yourself and your family when you get behind the Chamber's activities in your own hometown.

*Pete Progress*

*Pete Progress speaks for your Chamber of Commerce, an organization dedicated to making your community a safer, healthier, pleasanter place to live and work. Support it!*

products and processes for the betterment of all residents in the area it serves, the Paterson, N.J., Chamber of Commerce has launched an adult education course in "Applied Imagination."

The course will be closely patterned after the principles laid down by Alex E. Osborn, who instituted the General Electric Company's celebrated "school for inventors." Details of the General Electric program and Mr. Osborn's role in it were reported in the February issue of NATION'S BUSINESS.

Students for the 12-week Paterson courses will be drawn from the 2,500 industries in the chamber's service area—20 cities and towns in Passaic and Bergen counties.

### Things to do after 60

A SURVEY conducted in Cleveland reveals that while more than 45 per cent of the firms surveyed had some kind of preretirement program, only 13 per cent were referring retirees to any of the many local services or organizations for older persons which might help them to enjoy their retirement.

The Cleveland findings are believed to correspond, generally, to the national situation. The survey was conducted by a subcommittee of the Cleveland Welfare Federation's Occupational Planning Committee.

In an effort to rectify the condition which it uncovered, the Welfare Federation has published a brochure which is entitled "Adventures in Living After 60."

### "WE" proves people are interesting

A COMPANY with 96,000 employees doesn't expect to get to know each one intimately, but Western Electric Company, manufacturing and supply facility of the Bell System, has accomplished the next best thing.

Editors of the company's house publication—WE—chose 100 people at random (70 men, 30 women) and interviewed them in depth. The editors asked them many things—what they think of their jobs, what plans they are making for the future—even sought answers to such seemingly extraneous questions as "What great historical figure has meant most to you?" (Abraham Lincoln won hands down. His nearest competitor: the late FDR.)

Results of this opinion-probing produced a handsome issue of WE. But the project's overriding value, says Western Electric, lies in the fact that it demonstrated once again the truth of the old contention that "people are interesting."





**A LOOK INTO THE FUTURE**—The hollow tube, held by a Bell Telephone Laboratories engineer, is an experimental Waveguide for telephone service and television. It's not as large as it looks here. (Actually, only two inches in diameter.) Some day it may be no thicker than a fountain pen.

## The NEW LOOK in Telephone and Television Transmission



**THE NEW WAVEGUIDE** is constructed of thin copper wire, tightly coiled. It is flexible, can operate at high frequencies, and channel radio waves any way that it is bent.

There's many a new thing in the telephone business these days and many more interesting developments coming along.

One of these developments is a new and different medium for transmitting telephone conversations and television programs over long distances, announced recently by Bell Laboratories. It's the long distance Waveguide.

Recent experiments indicate that it may some day carry tens of thousands of cross-country telephone conversations and hundreds of television programs at one time—and thus supplement coaxial cable and radio relay.

Waveguides have been used for some time but for short distances only. What makes the Bell System's new Waveguide so important is that it is practical for long distances.

It can operate at extraordinarily high frequencies with small loss in reception. And though solid metal pipe may continue to be used in straight sections, this completely new Waveguide, being flexible, will be able to carry signals around curves.

It is another example of looking ahead in the telephone business and the never-ending progress in providing better service for more and more people.

**BELL TELEPHONE SYSTEM**





# GOVERNMENT LEAVES, PROGRESS BEGINS

Everybody will benefit as present plans to discontinue government's business operations are carried out. The recent transfer to private hands of the government's synthetic rubber plants demonstrates why this is so.

The synthetic program began in wartime as a way to supply a military necessity. Natural rubber comes to us across wide and, in wartime, hostile waters. Its producers have been severe critics of the government's invasion of rubber markets.

Now the government has sold the synthetic plants to private industry. The new owners are expanding research programs and merchandising plans. Their hope is to develop a range of synthetics to meet the need for rubber in all its varied applications.

Already one optimist predicts: "If things work out the way we think they might, this country won't need any more natural rubber in a few years."

According to reports, one company has already duplicated natural rubber. The company does not verify this and scientists are not impressed.

"The goal," they say, "is not to duplicate natural rubber but to make something better."

Such a goal, once attained, would bring American consumers the inestimable benefits of longer-lasting, more efficient rubber products.

It would widen the markets of the synthetic producers and probably increase the government's tax take from their incomes.

Conceivably it could also mean that the United States would buy considerably less than the annual 522,354 tons of natural rubber that it takes now.

And how do the natural rubber producers feel about that?

The Natural Rubber Bureau, an organization of rubber growers of Southeast Asia, has this to say:

"... we extend hearty congratulations to the synthetic rubber industry and welcome it to the long-desired arena of full, fair, free competition. . . . This is good news for the rubber manufacturing industry which gains the real benefits of increased competition and good news for the natural rubber producing areas which for years have regarded government production and pricing as more of a handicap than a help to the development of a really competitive and expanding natural rubber industry."

# YOUR RICH OLD UNCLE'S DEEP IN DEBT

"There is no state in the union as poor or as badly off financially as the federal government."

N. Bradford Trenham, of the California Taxpayers' Association, made that statement in testifying before the House Committee on Education and Labor. His point was that it would be ridiculous for the federal government to try to help his state build schools.

Mr. Trenham was not speaking carelessly. In March of this year the federal debt was more than \$274,000,000,000. This was \$1,665.11 for every man, woman and child in the nation.

The average state per capita debt, according to latest Census Bureau figures, is \$50.50. In only three states is per capita debt higher than \$100. They are Delaware, \$326.21; West Virginia, \$131.15, and Connecticut, \$125.95. Lowest debt is Wisconsin's \$1.53.

It is fair to say that the figures are not precisely comparable. The total for federal debt includes all the government's obligations. The Census does not include short-term borrowing in figuring per capita debt. In some states the amount owed depends on definition. Pennsylvania, for instance, maintains that

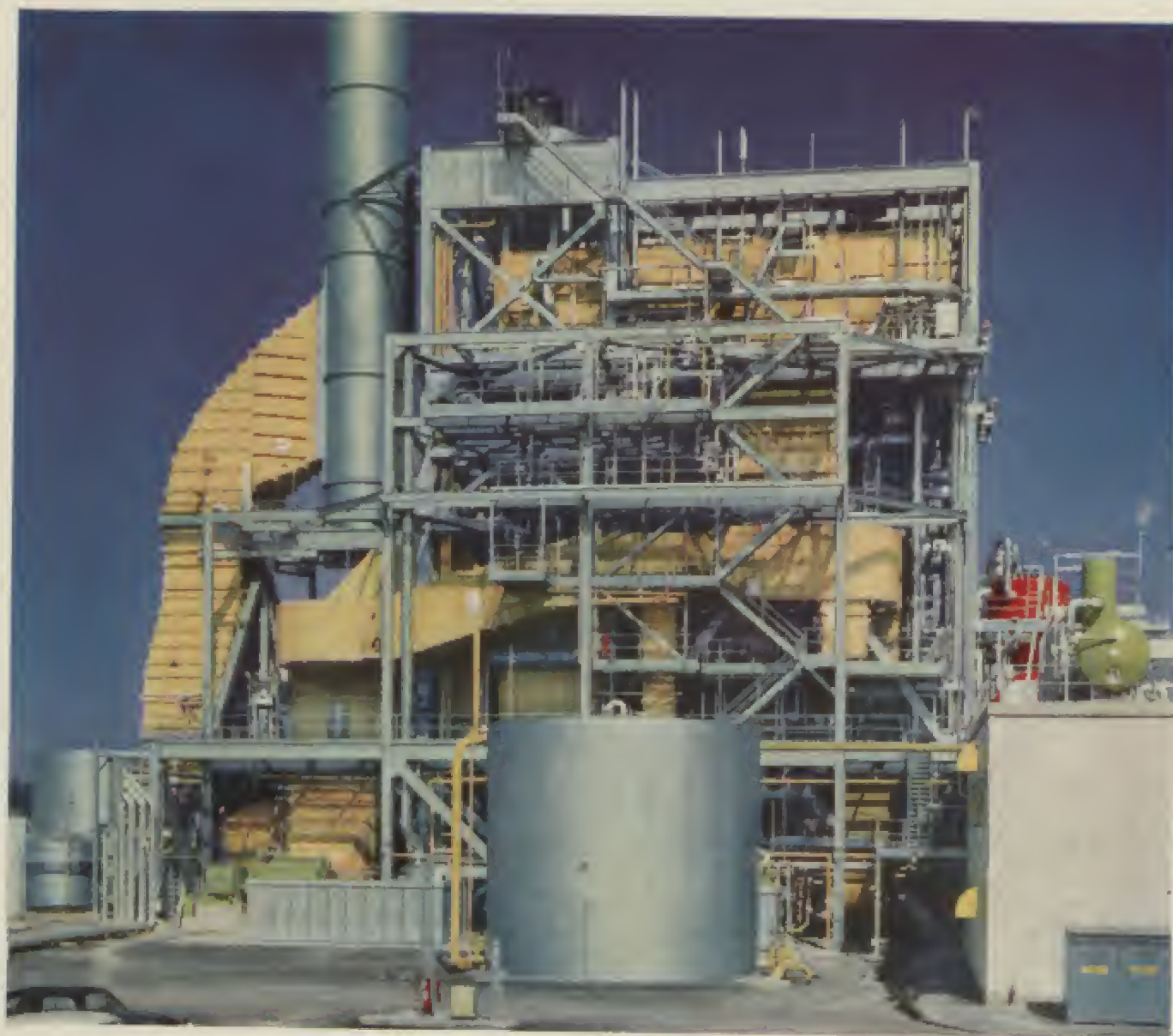
bonds for the Pennsylvania Turnpike and the General State Authority—organizations operating outside the financing of the state government—should not be included in per capita debt and that the state, therefore, owes \$41.19 per resident. The Census Bureau includes these bonds and sets the per capita figure at \$89.32.

But even with the most lavish inclusions, not even the poorest state comes close to rivaling the burden the federal government has loaded on its people. Neither has any state matched the federal record of operating in the red for 17 of the past 20 years—in spite of the fact that federal levies for state aid have frequently dried up tax sources that would otherwise be available for state activities.

So long as the federal government continues to run at a deficit, its only source of additional funds to build schools or anything else must be increased.

All of this makes the word "ridiculous" particularly apt as applied to federal aid, not only as Mr. Trenham used it but for nearly all other purposes as well.





## Gilmore & Nolan develops **COLORED** Aluminum Paint used by Southern California Edison

*New industrial paint has all the advantages of aluminum plus a choice of color*

Southern California Edison Company's Etiwanda plant, first major industrial structure ever painted with colored aluminum. More than 3,000 gallons of colored aluminum paint were applied to the plant and its adjacent crude oil tank farm.

**Colored Aluminum Paint:** "Alumizal" by Gilmore & Nolan, Inc., Los Angeles 23, Calif.

This plant marks the beginning of a wholly new concept of industrial painting—the combination of color with the best characteristics of aluminum paint.

Developed at the request of Edison by G&N, using ALCOA Pigments, the new paint can be brushed or sprayed on without blotching or "floating" colors. It has excellent covering and spreading qualities, good resistance to moisture and corrosive fumes, high reflectivity and remarkable durability. Applied more than two years ago, neither rain nor sun has noticeably affected the surface. More-

over, the Etiwanda application proved that a single coat will cover and hide even a discolored surface. G&N believes this hiding power is unmatched among paint products.

Edison, its neighbors and local officials are pleased with the attractive, subdued colors which prove industrial installations needn't be drab and dreary.

If you want economical, long-lasting protection *and beauty*, investigate colored aluminum paint with your paint manufacturing friends. It's big news in industrial maintenance painting today.

**ALCOA does not make aluminum paint**, but Alcoa engineers and laboratories have cooperated with paint manufacturers in its development. We will gladly refer you to reputable sources of supply. Mail the coupon now!



Aluminum Company of America, Paint Service Bureau  
1797-F Alcoa Bldg., Mellon Square, Pittsburgh 19, Pa.  
Please send me your free booklets on aluminum paint.

- ☐ Painting With Aluminum  
☐ Aluminum Asphalt Roof Coatings Make Time Stand Still

I am interested in painting

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Company \_\_\_\_\_

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City \_\_\_\_\_

Zone \_\_\_\_\_

State \_\_\_\_\_



